



BOARD'S REPORT

Report of the Board of Directors

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Report of the Board of Directors

Dear Members,

Your Directors have pleasure in presenting the 60th Annual Report on the business and operations of your Company, and the Audited Financial Statements for the year ended March 31, 2024.

Performance Highlights

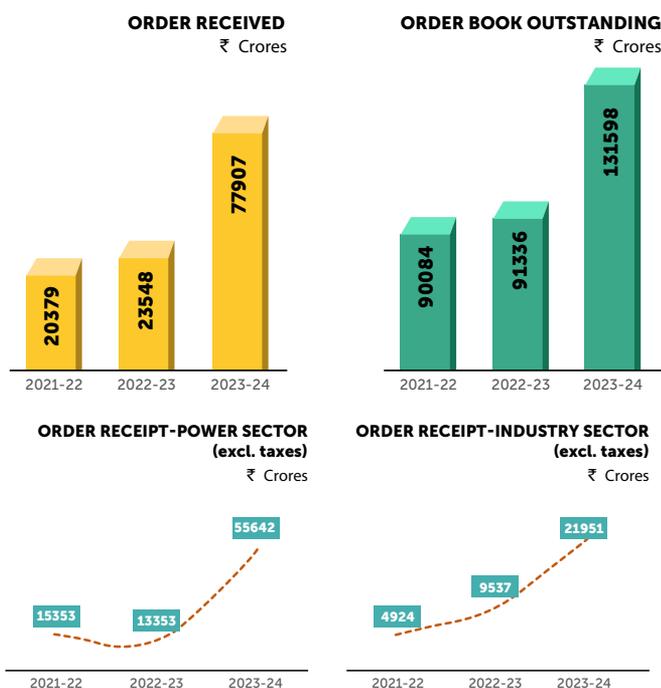
(₹ Crores)

| | For the year ended | |
|------------------------|--------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Order Receipt | 77,907 | 23,548 |
| Order Book outstanding | 1,31,598 | 91,336 |
| Revenue | 22,921 | 22,136 |
| EBITDA | 1,201 | 1,468* |

*Restated owing to change in Accounting Policy

State of Company's Affairs

The year 2023-24 has been momentous in terms of order inflows which reached its zenith at ₹77,907 Crores, with the company receiving several prestigious orders, not only in its core thermal power business but also in diversified segments of transportation, defence etc. The company has maintained its leadership position in thermal main power plant business in the country. The Industry segment also witnessed the highest ever order inflow of ₹21,951 Crores. A major milestone during FY 2023-24 was achieved by securing one of the largest order for the supply of 80 numbers Vande Bharat Trains in consortium as Lead Partner. The total outstanding Order Book as on March 31, 2024 stands at ₹1,31,598 Crores (net of taxes), with the executable Order Book being ₹1,23,916 Crores.



Making a head start in Coal Gasification area, the company entered into Joint Venture agreement with Coal India Ltd in February 2024 for setting up a Coal to 2,000 TPD Ammonium Nitrate Plant using BHEL's indigenously developed PFBG (Pressurized Fluidized Bed Gasification) technology – a step towards Aatmanirbhar Bharat. The Joint Venture Company "Bharat Coal Gasification and Chemicals Limited" has been incorporated as a Private Limited Company in May 2024.

In FY 2023-24, the company posted a revenue of ₹22,921 Crores and Profit After Tax of ₹260 Crores with an EBITDA of ₹1,201 Crores. With reasserted focus on project execution and significant order inflows, higher volumes are expected in the forthcoming years.

The company maintained gross margins at the similar levels of previous year despite moderate corrections in metal prices and restrictions on global procurements, especially from land border sharing countries. The Company is taking multipronged measures for cost reduction including targeting benefits of bulk procurement through centralized procurement/ sub-contracting, enhancing vendor base etc.

The profitability during the year has also been impacted by change in accounting policy w.r.t. Expected Credit Losses (ECL) on Contract Assets and change in estimate w.r.t. Contractual obligation provisioning. The company has adopted the changed accounting policy with respect to factoring time value of money while calculating Expected Credit Losses (ECL) in respect of Contract Assets in line with the opinion of Expert Advisory Committee obtained during the year from ICAI.

Your Company accords highest priority for liquidation of receivables. During the year cash collection from customers increased by ~₹3,000 Crores (13%) over the previous year. However, to enable faster execution of Projects, significant cash outflows, primarily on materials/ sub-contracting, resulted in net overdraft at the end of March 2024. Nevertheless, liquidity shall improve in FY 2024-25 with the progressive achievement of major milestones in key projects and liquidation of outstanding receivables.

Increase in Trade Receivables to 122 days at the end of FY 2023-24 from 102 days at the end of previous year (₹8,010 Crores as compared to previous year level of ₹6,544 Crores) is mainly on account of short term liquidity constraints of certain large customers. It is also notable that the payment terms are comparatively better in recently received project contracts, which would eventually ease the pressure on liquidity.

Transfer to Reserve

The company has not transferred any amount to the Reserves during FY 2023-24.

Dividend

The Board of Directors, in its meeting held on May 21, 2024 has recommended a final dividend @12.5% on the paid-up equity share capital (₹0.25 per share of ₹2 each), amounting to ₹87.05 Crores, out of profit for FY 2023-24, subject to your approval.

The Company has a dividend distribution policy in place in pursuance of the requirements of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"). Dividend distribution policy is available on the Company's website at <https://www.bhel.com/dividend-distribution-policy-bhel-0>. Furthermore, Total Return to Shareholders during the year was 253%.



BHEL paid a final dividend of Rs. 88 Crores for the Financial Year 2022-23 to the Government of India

Deposits

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 during FY 2023-24.

Capital & Finance

During FY 2023-24, the company has met its CAPEX and operating fund requirements largely through internal accruals. However, due to higher cash outflows, primarily on materials / sub- contracting required for expeditious project execution, the company was in a net overdraft position as at the end of March 2024. The company invests any intermittent available surplus funds to maximize the interest income to the company. To meet any operational fund requirement, short-term borrowing options are used by the company including WCDL, Loan against FDs, Commercial Papers (listed on NSE and BSE) etc.

Loans and Investments

There is no transaction relating to loans or advances covered under section 186 of the Companies Act 2013 in FY 2023-24. Further, it is clarified that investment, if any, is as per Note 5 Investment of Audited Annual Accounts 2023-24 of the company.

Credit Rating

The credit ratings of your Company are as follows:

| Rating Agency | Date of Rating | Long Term Rating | Outlook | Short Term Rating |
|---------------|----------------|------------------|----------|-------------------|
| CRISIL | 18-10-2023 | CRISIL AA- | Negative | CRISIL A1+ |
| | 25-07-2022 | CRISIL AA- | Negative | CRISIL A1+ |
| INDIA RATINGS | 27-06-2024 | Ind AA- | Stable | IND A1+ |
| | 28-06-2023 | Ind AA- | Negative | IND A1+ |
| | 30-06-2022 | Ind AA- | Negative | IND A1+ |
| CARE | 18-06-2024 | CARE AA- | Stable | CARE A1+ |
| | 19-06-2023 | CARE AA- | Stable | CARE A1+ |
| | 17-06-2022 | CARE AA- | Stable | CARE A1+ |

Material Changes and Commitments affecting the Financial Position

There are no material changes and commitments affecting the financial position of the Company between the end of FY 2023-24 and the date of this report. There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Suspension of Trading

The Equity Shares of the company are listed on NSE & BSE. The shares of the company were not suspended from trading during FY 2023-24.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards (Ind AS) have been followed along with proper explanations relating to material departures;
- The Directors have selected such accounting policies & applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a going concern basis;
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;

- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(Ind AS), Guidance Notes and other authoritative literature issued by the ICAI, Companies Act 2013 and other applicable statutes.

Management Discussion & Analysis

Your company has continued to focus on regaining growth, strengthening the core business, expediting execution and taking concrete steps towards diversification including enhancing business in non-coal areas being critical enablers for long term sustainable growth. For further details, please refer **Annexure-I to the Board's Report**.

Corporate Governance

Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a report on Corporate Governance (including Board & Committee Meetings details) is given at **Annexure-II to the Board Report** together with the following,

- Certificate of Non-Disqualification of Directors under Schedule V of the SEBI Listing Regulations.
- Auditors certificate on Corporate Governance under SEBI Listing Regulations & Department of Public Enterprises (DPE) guidelines on Corporate Governance.
- Secretarial Audit Report under Section 204 (1) of the Companies Act, 2013.

Declaration of Independence

Declaration under Section 149(6) of the Companies Act, 2013 pertaining to criteria of independence has been given by the Independent Directors to the Board of Directors. All the Independent Directors have registered themselves on the online database of the Indian Institute of Corporate Affairs (IICA), notified under Section 150 of the Companies Act, 2013. In the opinion of the Board, the Independent Directors possess integrity and necessary expertise & experience.

Compliances

Your company continuously reviews and strengthens its compliance of systems and processes.

- Company maintains integrity in its operations and functions in ethical & transparent manner to attain the highest standard of Corporate Governance.
- To ensure compliances a quarterly legal compliance report on the Applicable Laws/ Acts is reviewed by the Board of Directors.
- Being a listed company, compliance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is ensured. There was no adverse comment from SEBI for the FY 2023-24 on any financial matter.
- The Company has complied with all the applicable secretarial standards.
- For preparation of financial statements, the company ensures compliance to the Indian Accounting Standards

Contribution to the Exchequer

The Company, over the years, has been consistently making significant contribution to the Exchequer, and maintaining high standards of integrity with respect to tax compliances. During the current year, the company's contribution to exchequer stood at over ₹4,102 Crores (inclusive of ITC utilised).

Audit Committee

The Company has in place a Board Level Audit Committee in terms of the requirements of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the details in respect of which are given in the Corporate Governance Report. All the issues are fairly and transparently deliberated in the meetings which are held at regular intervals. The views and suggestions of the Board Level Audit Committee members are taken into account and imbibed into the Company's processes. Further, there has been no instance where the Board of Directors have not accepted the recommendation of the Board Level Audit Committee.

Details of changes in Directors & Key Managerial Personnel Appointment

Shri K. Sadashiv Murthy has been appointed as Chairman & Managing Director (CMD) w.e.f. November 1, 2023 and has taken charge as CMD.

Shri Tajinder Gupta has been appointed as Whole Time (Functional) Director w.e.f. September 20, 2023 and has taken charge as Director (Power).

Ms. Bani Varma has been appointed as Whole Time (Functional) Director w.e.f. October 9, 2023 and has taken charge as Director (Industrial Systems and Products).

Shri Rajesh Kumar Dwivedi has been appointed as Whole Time (Functional) Director w.e.f. June 19, 2024 and has taken charge as Director (Finance).

Shri K. Sadashiv Murthy, CMD with additional charge of Director (Finance) was designated as Chief Financial Officer (CFO) of the Company w.e.f. April 25, 2024 in place of Shri Jai Prakash Srivastava, Director (E, R&D) who had been earlier designated as CFO w.e.f. May 26, 2023. Subsequently, Shri Rajesh Kumar Dwivedi, Director (Finance) has been designated as Chief Financial Officer (CFO) of the Company w.e.f. June 19, 2024.

In accordance with applicable statutory provisions and Article 67(iv) of the Articles of Association of the Company, S/ Shri Tajinder Gupta, Ms. Bani Varma, K. Sadashiv Murthy and Rajesh Kumar Dwivedi, having been appointed as additional directors, shall hold directorship upto the 60th Annual General



Meeting of the Company and are eligible for appointment as Directors at the Meeting.

Further, pursuant to Section 152 of the Companies Act, 2013 and Article 67(i) of the Articles of Association of the Company, Ms. Arti Bhatnagar and Shri Krishna Kumar Thakur, Directors will retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-appointment.

Cessation

Dr. Nalin Shinghal, who was appointed as CMD on July 8, 2019, ceased to be CMD of the Company on attaining the age of superannuation on October 31, 2023.

Ms. Renuka Gera, who was appointed as Director (Industrial Systems & Products) on December 1, 2020, ceased to be a Director of the Company on attaining the age of superannuation on August 31, 2023.

Shri Upinder Singh Matharu, who was appointed as Director (Power) on March 21, 2022, ceased to be a Director of the Company on attaining the age of superannuation on August 31, 2023.

Dr. Lekhasri Samantsinghar who was appointed as Part-time Non-Official (Independent) Director on November 9, 2021, ceased to be a Director of the Company consequent to her resignation on April 12, 2024 from BHEL's Board of Directors. Dr. Samantsinghar tendered her resignation as she was contesting the Lok Sabha Elections from Odisha. Further, she also confirmed that there were no other material reasons other than those provided by her for resignation.

The Board of Directors places on record their deep appreciation for the valuable services rendered as well as advice and guidance provided by S/Shri Dr. Nalin Shinghal, Ms. Renuka Gera, Upinder Singh Matharu and Dr. Lekhasri Samantsinghar during their respective tenure on the BHEL Board.

In compliance with Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, brief resume of the Directors proposed for appointment/re-appointment containing nature of their expertise in specific functional areas and names of companies in which the person holds directorship along with the membership of the Committees of the Board are given in the explanatory statement/ annexure to the Notice.

Dr. Yogesh R Chhabra has been appointed as Company Secretary & Compliance Officer in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 w.e.f. July 11, 2024 consequent to the relinquishment of charge by Shri Rajeev Kalra on July 10, 2024.

CEO/ CFO Certificate

CEO/CFO certificate as per Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is placed at **Annexure- III to the Board's Report**.

Consolidated Financial Statements

The brief on consolidated financial statements prepared pursuant to section 129 (3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015, is given in section 1.4.3 under **Management Discussion & Analysis (Annexure – I)**.

Sustainable Development

BHEL's Mission Statement – Providing sustainable business solutions in the fields of Energy, Industry & Infrastructure – duly reflects the company's focus on sustainability. Since inception, the company has been conscious about its responsibility towards protection and conservation of environment encompassing issues such as prevention and control of pollution, conservation of natural resources, reducing-reusing-recycling of waste, plantation and creation of green covers, water harvesting etc. These practices are now one of the core company's ethos and organisational culture.

The company launched हरित बीएचईएल (HARIT BHEL) initiative for transforming BHEL into a Green Company with the target of achieving Net Zero by the year 2047 and making the company a model "Green PSU".

The company has enhanced its focus on the areas; such as responsible material and natural resource consumption, energy conservation/efficiency, water conservation, protecting the existing plantation and augmenting the same, promoting biodiversity, reducing carbon emission, reduce/ recycle/reuse of waste etc. in all its business processes. The brief of some of these activities that help us move towards a sustainable future are given in **Annexure-IV to the Board's Report**.

Health, Safety & Environment (HSE)

BHEL is committed to sustainability, prioritizing the safety & well-being of employees and associates, as well as environmental considerations in operations.

Internal audits, surveillance audits by certifying bodies, and periodic reviews of HSE performance are rigorously conducted, facilitating continual improvement in the company's safety and environmental performance. Additionally, the Corporate HSE team conducts audits of manufacturing units and project sites to further ensure adherence to these high standards.

During the year, the company remained focused towards its goal of "Zero Harm" to employees and people working for the company and launched हरित बीएचईएल (HARIT BHEL) initiative for transforming BHEL into a Green Company with an objective of achieving **Net Zero by 2047**. Further details are provided in **Annexure-VIII to the Board's Report**.

Business Responsibility and Sustainability Report

In line with the requirement of the listing regulations, Business Responsibility and Sustainability Report providing disclosures in environmental, social and governance perspectives is

enclosed at **Annexure-V to the Board's Report**. A guide for understanding the ESG disclosure and BRSR mapping with five Global Reporting Framework (GRI, SDG, TCFD, CDP and SASB) is available at NSE website.

Achievements of R&D and Technological Development

BHEL, in line with country's vision towards net zero carbon emissions by 2070 for a sustainable future has realigned its innovation ecosystem for development of cleaner technologies. The company is working towards development of products and systems in new business areas such as coal to chemicals, high efficiency thermal power plants, rail transportation, nuclear power, defence & aerospace, downstream oil & gas, hydrogen value chain, etc.

In FY 2023-24, BHEL has incurred an expenditure of ₹ 698 Crores towards R&D activities, which is more than 2.5% of the revenue. BHEL has filed 543 Intellectual Property Right (IPR) applications during the year, enhancing the company's intellectual capital to more than 5650 numbers. Approx. 18% of the company's revenue, amounting to ₹ 4,249 Crores has been achieved from its in-house developed products, systems and services. Further details of major developments have been provided in **Annexure-VI to the Board's Report**.

Implementation of Official Language

BHEL is dedicated to promoting the use of 'Hindi' as the Official Language in compliance with the Government of India's Rajbhasha Policy to promote Rajbhasha 'Hindi'. The Company has ensured the implementation of Rajbhasha Policy and taken various initiatives, further details have been provided in **Annexure-VIII to the Board's Report**.

Vigil Mechanism

BHEL upholds the principles of Good Governance, Transparency, Probity, and Ethics to ensure integrity in operations. The company has put in place a robust Vigil Mechanism to ensure probity and integrity in operations. The Company encourages reporting of unfair & unethical practices and in terms of Regulation 22 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, the Company has put in place a Whistle Blower Policy which provides adequate safeguard to the complainant against victimization.

The "Board Level Audit Committee" (BLAC) reviews the functioning of the Whistle Blower / Vigil Mechanism, and annual review of the Vigilance function is also done by CMD / Board of Directors. Further, details are provided in **Annexure-VIII to the Board's Report**.

Data and Cyber Security

In the contemporary interconnected landscape, the emphasis on data and cyber security holds paramount importance. Company has instituted security protocols to shield its IT assets and data from cyber threats. These protocols encompass a multi-faceted defence system integrating state-of-the-art technologies across data centers, networks, applications, and end-user devices. Moreover, proactive measures are consistently undertaken to augment cyber

security. Further details have been included in Section 1.12 of the Board Report.

Other disclosures

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given at **Annexure-VII to the Board's Report**.

As per provisions of section 197 of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the details of the remuneration of the Directors etc. in the Board report. However, as per Notification No. GSR 463(E) dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of section 197 of the Companies Act, 2013. BHEL being a Government Company, such particulars are not included as part of Board's Report.

Statement pursuant to Section 129 of the Companies Act, 2013 (Form AOC-1) relating to subsidiary companies & joint ventures and Form AOC-2 pursuant to section 134(3)(h) of the Companies Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is given at **Annexure-IX to the Board's Report**.

Proceedings under Insolvency and Bankruptcy Code

No applications against BHEL under Insolvency and Bankruptcy Code, 2016 (IBC) have been admitted during the year and no proceedings against BHEL under IBC are pending as on March 31, 2024.

Auditors

The Statutory Auditors of your Company are appointed by the Comptroller and Auditor General of India. Three firms of statutory auditors were appointed as joint statutory auditors and four firms were appointed as branch auditors. The names of audit firms appointed for FY 2023-24 are given separately in the Annual Report.

Auditors' Report on the Accounts

The Auditors' Report on Standalone and Consolidated Financial Statements for FY 2023-24 of the Company are given at **Annexure- X** to the Board's Report. There is no qualification in the Auditors report on the Financial Statements of the Company. The Supplementary Audit report under section 143(6) read with section 129(4) of the Companies Act, 2013 issued by the Comptroller & Auditor General of India also forms part of **Annexure-X**.

Secretarial Audit

In terms of section 204(1) of the Companies Act, 2013, the Company engaged M/s Akhil Rohatgi & Co., Company Secretaries in whole-time practice, as Secretarial Auditors for

conducting Secretarial Audit for FY 2023-24 and their report forms part of Corporate Governance section.

Secretarial Auditor in his Audit report has observed non-compliance during the year under review, as the number of independent directors on the Board was less than half of the total strength of the Board as required under Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of the DPE Guidelines on Corporate Governance. The Secretarial Auditor has also noted in his report the explanation given by the Company that BHEL, being a Government Company, all the directors are appointed by the President of India, acting through administrative ministry and as such appointment of requisite number of independent directors is beyond the control of the Company. Further, the Company has been in constant communication with its administrative ministry requesting for appointment of independent directors on its Board so as to ensure compliance with corporate governance norms enunciated under the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.

The Management noted the observation and explained that the matter of filling up of the vacancies of the Independent Directors is under process at the end of the Government of India.

Cost Auditors

In terms of provisions of Section 148 of the Companies Act, 2013 and as per the Companies (Cost Records and Audit) Rules, 2014 and amendments thereof, the Board, on the recommendation of the Audit Committee, approved the

appointment of seven firms of Cost Accountants as Cost Auditors for auditing the cost accounts of your Company for FY 2023-24. Cost accounts and records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 have been properly maintained and complied with.

The details of cost auditors appointed for FY 2023-24 are given separately in the Annual Report. The Cost Audit Report for FY 2022-23 with Nil qualification has been filed under XBRL mode, within due date.

Appreciation and Acknowledgements

Your Directors gratefully acknowledge with deep sense of appreciation, the co-operation and guidance received from the Government of India, particularly the Ministry of Heavy Industries in various spheres of the company's operations and strategic initiatives.

We are deeply appreciative of and thankful to various ministries and statutory authorities/ departments of the Government of India for their valuable support and continuous cooperation.

The Directors place on record their sincere appreciation towards the Company's valued customers in India and abroad for their co-operation in addressing various issues faced in complex long gestation construction contracts.

The Directors also express their gratitude to the Comptroller and Auditor General of India, professional bodies, Statutory Auditors, Branch Auditors, Secretarial Auditor and Cost Auditors for their constructive suggestions and continuous cooperation.

The Directors place on record their sincere appreciation towards the company's esteemed shareholders for the support and confidence reposed by them in the management of the company and look forward to the continuance of in future.



Hon'ble Union Minister of Steel and Heavy Industries, along with senior officials of MHI and BHEL's functional directors at Noida Township of the company - on the occasion of International Day of Yoga 2024

The Directors also wish to place on record their appreciation for the continued cooperation received from all the technology collaborators, suppliers and contractors. The support provided by the financial institutions, bankers and stock exchanges are also acknowledged and appreciated.

Last but not the least, your Directors wish to place on record their sincere appreciation for the diligent efforts, hard work and commitment put in by all BHEL employees, who have worked day and night, to meet the company's commitments.

**For and on behalf of the Board of Directors of
BHARAT HEAVY ELECTRICALS LTD.**



K. Sadashiv Murthy

Chairman & Managing Director

Place: New Delhi

Date: July 27, 2024

POWERING SUSTAINABILITY :

BHEL's Early Substation Commissioning Boosts Neemuch REZ

BHEL commissions three substations ahead of schedule, providing evacuation of renewable energy generated by Rewa Ultra Mega Solar under Neemuch Renewable Energy Zone (REZ). The project comprised of three substations (S/s) viz. 400/220 kV Neemuch (New) S/s, Extension of 400 kV Chittorgarh S/s and Extension of 400 kV Mandsaur S/s.

Notably, BHEL has commissioned these projects within 14 months, thereby setting a new performance benchmark in project execution. The early commissioning of these substations is a testament to BHEL's execution excellence, technical expertise and unwavering dedication to provide high-quality infrastructure solutions. This facilitated POWERGRID in achieving the targeted commissioning of Neemuch TCB project within March 2024, which is 4 months ahead of the completion schedule.

In recognition of the above, BHEL has been honoured by POWERGRID at the CEO Meet 2024 on 10th May 2024.



Annexure-I to the Board's Report Management Discussion and Analysis

1.1 Economic & Business Overview

Domestic economic activity has witnessed strengthening during FY 2023-24, backed by the momentum in investment demand, optimistic business sentiments and rising consumer confidence. As a result, country's GDP grew at a healthy rate of 8.2% during this period, as one of the fastest growing economies in the world.

Maintaining this kind of growth momentum requires several enablers, and energy is one of them. India experienced a peak power demand deficit of (-) 4% and energy deficit of (-) 0.5% during FY 2022-23. This was a cause of concern for the power capacity planners, revising coal based power capacities projection upward for 2032. Currently, it is projected that ~280 GW of coal based installed capacity may be required by 2032. These developments have resulted into a robust pipeline of coal based power projects lined up for ordering in near future.

Coal has been the mainstay source of energy, fuelling the economic growth of the country. Although climate change is fast becoming a reality, the economics and technological advancement to address intermittency of renewable power are yet to be established at a desired scale. In all probability, it is expected that coal would continue to play a major role in domestic economy as a source of energy. A strategic balance between energy security of the nation and sustainable development will require coal-based power plants to cater to energy demand of the nation. Additionally, coal has found to be of strategic use as a feedstock for chemical industry using low emission technologies. National Coal Gasification Mission is one such focus area wherein a phase-wise implementation for 100 million metric tonnes of Coal Gasification by 2030 is planned. Making a head start, BHEL along with Coal India Limited has incorporated Joint Venture company - Bharat Coal Gasification and Chemicals Limited. The JV company will set up a Coal to 2,000 TPD Ammonium Nitrate Plant using BHEL's indigenously developed PFBG (Pressurized Fluidized Bed Gasification) technology – which is suited to high ash Indian coal.

India, in its updated Nationally Determined Contribution (NDC) targets, has adopted the target of achieving 50% of cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030 and long term goal of reaching net-zero by the year 2070. Hydro power contributes majorly to non-fossil sources along with Renewable and Nuclear power. Hydro and Nuclear power is bouncing back with a good number of projects in pipeline.

With focus on increasing the services business, BHEL has made an entry into Industry 4.0 solutions for industrial customers with order of Remote Monitoring and Diagnostic Services (RMDS) from BPCL-Mumbai Refinery. Moreover, successful execution of orders for flexi-operation of coal based power plants has established credentials of BHEL in the flexible operations solutions for thermal power plants. This is a critical success towards integration of intermittent

renewable source based electricity in the power grids.

In Industry Sector businesses, capex drive by Government of India (GoI) and capacity expansion by companies operating in core sectors of economy are presenting substantial opportunities. However, the businesses are experiencing heightened level of competition, while customers are expressing demands for products based on latest technologies.

In transportation business, Indian Railways is pressing ahead with initiatives to upgrade, modernize and decarbonize railway operations. Both freight and passenger segments are offering sizable business opportunities that include high-horsepower electric locomotives to move freight, and semi high-speed trains of different configuration for passengers.

In defence business, Government of India's focus on modernization and indigenization has resulted into new sizable business opportunities; and BHEL is working on these to enhance its presence.

Business in transmission is steadily improving both in substation EPC business as well as equipment supply like transformers, switchgears etc. Furthermore, some big ticket opportunities in the form of large HVDC projects are already in the pipeline for grid expansion and integration of mega solar power projects.

In oil & gas business, both upstream and downstream businesses are either expanding the capacities or modernizing their existing capital assets. This has resulted into demand for equipment and system in upstream side, as well as captive power plants, compressors and other equipment in downstream side for refineries and petrochemical complexes.

1.2 Opportunities & Threats

Indian economy is expected to register strong and steady growth in medium term, offering significant business opportunities to BHEL, a leading engineering enterprise in the infrastructure and capital goods sector.

One of the primary opportunities for BHEL lies in the Government's ambitious plans to augment the country's thermal power generation capacity to ~280 GW by 2032. The company is well positioned to capitalize on the opportunity, leveraging the expertise in manufacturing power equipment, and experience in setting up thermal power plants. Hydro and Nuclear business segments too are expected to offer steady business opportunities as the Government intends to boost non-fossil sources of electricity to 50% of total installed power capacity by 2030. Steady business of after sales & services from, BHEL make thermal and hydro sets, is expected to continue. Government's vision of 100 million tonnes of coal gasification by 2030 has enabled BHEL to capitalise on indigenously developed coal gasification technology in form of a Joint Venture with Coal India Limited for 'Coal to Ammonium Nitrate' plant.

Upgradation and modernisation of Indian Railways, both in freight segment and passenger segment continue to offer us the opportunities in form of high power locomotives,



and high speed trains respectively. Signalling is another area in this business domain where company is set to make entry. Modernisation of Indian Defence forces too is presenting numerous opportunities and company is working upon suitable partnerships with global original equipment manufacturers. With robust economic growth, capex expansion is likely to continue in core industries including steel, cement, upstream and downstream oil & gas, creating demand for captive power plants, and equipment like motors, transformers, compressors etc. Similarly, for integration of intermittent renewables in power grids, capex is expected to continue in transmission businesses, both in AIS and GIS substations, as well as in HVDC corridors.

At the same time, company is facing increased competition from both domestic and international players across businesses. Since the Indian market is directly accessible to foreign players, sourcing technology and forging partnerships with global OEMs has become challenging. On execution front, the slowdown in the power sector in last couple of years has disrupted the vendor ecosystem, and the same is required to be restored to timely complete the projects.

To navigate these challenges and capitalize on the opportunities, company is investing on Research & Development, forging strategic partnerships and adapting to the evolving energy landscape. Effective risk management, cost optimization and a strong focus on quality and timely project execution are the key areas that the company is pursuing.

1.3 Profile and Performance of Businesses

The company has two business segments i.e. Power & Industry. These segments are driven by the three business divisions i.e. Power Sector, Industry Sector and International Operations.

The Power segment comprises thermal, gas, hydro and nuclear power plant businesses, spares & services business apart from new businesses of coal to chemicals, emission control equipment and spares for Non-BHEL sets.

The Industry segment caters to major equipment supplies and EPC works for a number of industries including transportation, transmission, defence, aerospace, captive power plants, process industries, renewables, downstream oil & gas, and energy storage, among others.

Profile & Performance
Business Segments

**POWER
SECTOR**

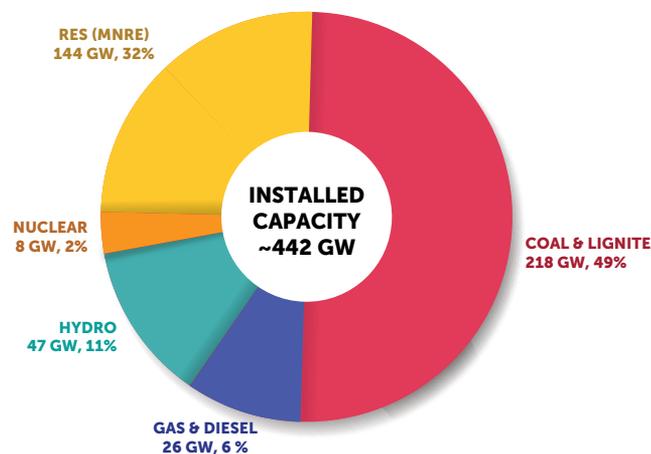


1.3.1 Power Sector

Overview

Indian economy is witnessing strong growth with rapid infusion of capital for creation of infrastructure, and augmentation of manufacturing and consumption base. As the economic growth of the country remains strongly correlated with the growth of energy sector, availability of reliable and quality power at affordable rates becomes imperative for sustaining the pace of economic growth.

As on March 31, 2024, India has installed capacity base of ~442 GW and an annual electricity generation of ~1,295 Billion Units (BUs). Notably, the electricity generation has witnessed a growth rate of 7% on year-to-year basis, a trend which is expected to continue in near-to-medium term.



As on March 31, 2024

Source: Central Electricity Authority (CEA), Ministry of Power

Business Environment

In FY 2023-24, the peak electricity demand in India touched an unprecedented level of 243 GW and is further expected to touch 384 GW by 2031-32. This has alarmed the power capacity planners and accordingly, the Government has undertaken measures to meet the rising demand. This resulted into a marked shift towards thermal power plants, which are affordable and reliable power generation sources to the country's basic electricity needs. As per the latest Government projections, ~280 GW of coal based installed capacity may be required by 2031-32 to sustain India's rapid growth and increasing energy need. In line with this, Government has renewed its focus on thermal capacity addition of around 80 GW by 2032 to ensure nation's energy security.

Coal based power plants are expected to remain the mainstay of India's power generating capacity in the coming years, in view of their suitability for continuous & round-the-clock operation, availability of technology as well as transmission infrastructures and the large domestic reserves of coal. To meet the demand for power in the near future, coal based high-efficiency supercritical power plants are expected to play a crucial role, especially till other reliable technology options achieve commercial acceptability.

The year 2023-24 witnessed robust ordering of around 9.6 GW of thermal power projects, and the company expects the momentum to continue going forward. During last year, private sector has again evinced interest in the thermal power sector after a long gap and has placed orders on BHEL for supply of Boiler, Turbine & Generator (BTG) equipment.

As a result of the Government's focus on lower emissions from thermal power plants, opportunities are expected to



Kothagudem Unit 12 (800MW) commissioned by BHEL, achieved highest PLF of 85.5% and OA of 94.4%, among BHEL supplied supercritical sets



BHEL has commissioned the nation's first utility-scale thermal power plant equipped with Air Cooled Condenser (ACC) at NTPC North Karanpura Super Thermal Power Project Unit-2 (3x660 MW)

continue from Emission Control Equipment business and R&M Business. Thermal utilities in the country are likely to follow implementation of Government norms for reduction in Suspended Particulate Matter (SPM), NO_x & SO_x in the coming years. In coal gasification area, Union Cabinet also accorded approval to the scheme for promotion of Coal or Lignite Gasification Projects of Government PSUs and Private Sector, with an outlay of ₹8,500 Crores. Under this scheme, Joint Venture company of BHEL and CIL, Bharat Coal Gasification and Chemicals Limited, for setting up a commercial coal gasification project by converting coal to ammonium nitrate is eligible for financial incentive.

Hydro-electric capacity, both conventional (large & small hydro plants) as well as pumped storage generating stations, needs expansion on account of meeting the grid balancing and stabilization requirements necessitated by the inherent variability of Renewable Energy Sources (RES) based power systems. Further, over 30% of India's hydropower plants have completed 30-35 years, providing substantial potential for Renovation & Modernization (R&M) for life extension and performance & efficiency upgrades. The company is strategically placed to address these upcoming opportunities.

Nuclear power will form an essential part of country's overall power mix as it is globally accepted as a clean fuel technology. In India, presently Nuclear with about 8.1GWe installed capacity, has the huge potential to provide the long term energy security in a sustainable manner. Government of India plans to triple the nuclear generation capacity by 2031-32 which will provide multiple opportunities for your company. BHEL is strategically placed to address this market.

Achievements during the Year Order Booking

In FY 2023-24, BHEL has secured orders for 12,480MW in power sector, aggregating to ₹55,642 Crores (excl. taxes), amidst renewed focus on the Thermal power sector by Government of India. This includes the highest ever order booking for ₹48,723 Crores (excl. taxes) in the Thermal Power Segment.

BHEL has maintained its market leadership in the Indian thermal power industry by securing twelve numbers of 800MW thermal power units totalling to 9.6GW, tendered out in the country. The company has received the EPC orders of 2x800MW NTPC Lara Stage-II STPP, 3x800MW NLCIL Talabira STPP, 1x800MW HPGCL Yamnunanagar expansion STPP, 2x800MW NTPC Singrauli Stage-III STPP along with BTG orders of 2x800MW MEL Mahan Phase-II STPP and 2x800MW APL Raigarh Phase-II STPP.

With these orders, BHEL has contracted 69 numbers Supercritical Steam Generators (SGs) and 64 numbers Supercritical Turbine Generators (TGs) in the country, of which, 34 SGs and 25 TGs have been commissioned.

In the hydro power business, company received prestigious order for the Electro-Mechanical (E&M) works of the country's largest capacity hydropower project of 2,880MW Dibang Multipurpose Project in Arunachal Pradesh. With this order, BHEL has affirmed its leadership in India's hydro segment with a portfolio of over 550 hydroelectric sets and a cumulative capacity of more than 35,000MW in India and abroad.

In addition, some of the significant orders in Spares, Services and R&M business segment booked in FY 2023-24 includes ESP Retrofit of SAIL Bokaro, PSPCL Lehra Mohabat (210MW) and UPRVUNL Parichha (210MW), R&M of Critical Piping System and Hanger Supports in NTPC Singrauli (5x200MW) and Generator Stator as Pool Spares in NTPC Mouda (660MW).



BHEL wins prestigious order for country's largest Hydro Project **DIBANG MULTIPURPOSE PROJECT**

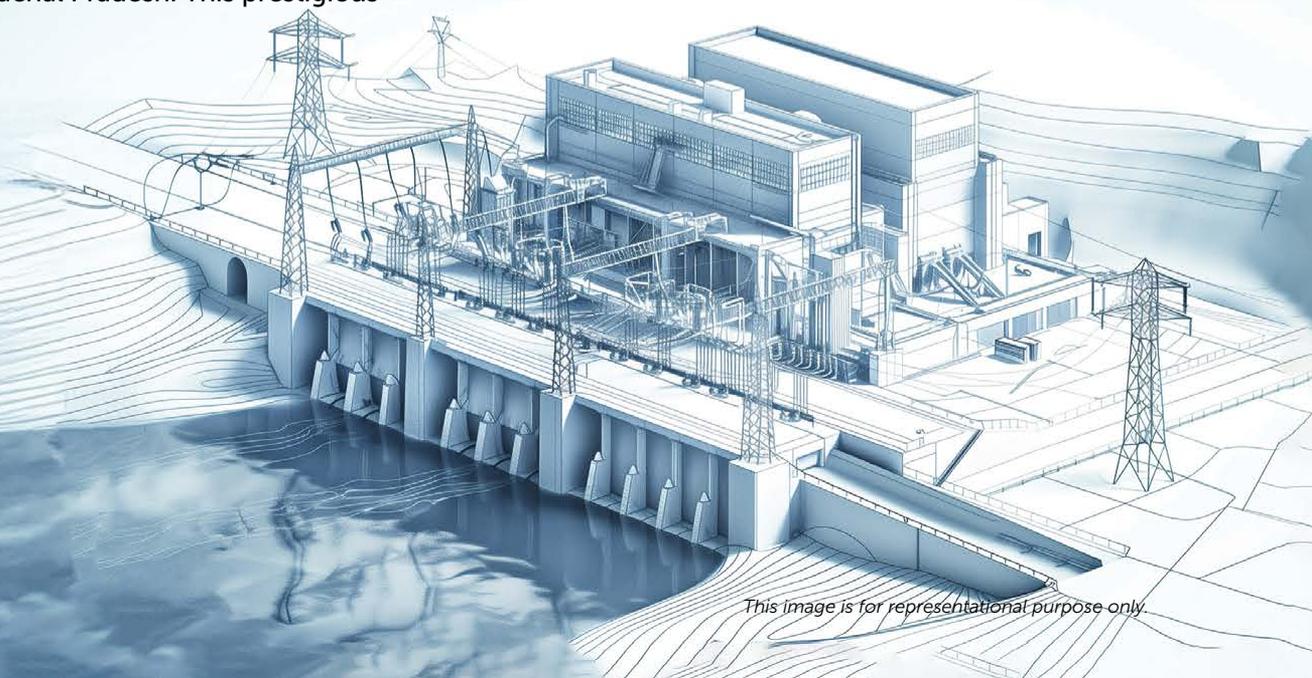
BHEL, with over 5 decades of experience and more than 40% market share, is a leader in India's Hydro Power Electro-Mechanical (E&M) package Segment.

The company has supplied over 550+ hydroelectric sets, with a cumulative capacity of more than 35,000 MW in India and abroad, on the foundation of state-of-the-art manufacturing facilities and strong R&D activities for technology development. The manufacturing facilities are equipped to deliver a vast range of products for Hydro Power Plant E&M requirements.

In 2023-24, BHEL has received E&M package order from NHPC Ltd. for the 12x240 MW hydro project located in Roing in the Lower Dibang Valley district of Arunachal Pradesh. This prestigious

order includes design, engineering, manufacture, supply, erection and commissioning of Turbines, Generators, Digital Governing Systems, Static Excitation Systems, Transformers, Bus Reactors, Gas Insulated Switchgear, Outdoor Pot Yard & Switchyard Equipment and Electrical & Mechanical Balance of Plant items.

BHEL has been closely associated with NHPC for more than 4 decades with the commissioning of the first project - Bairasiul (3x60 MW), in 1981. Amongst various other orders, the company is presently executing orders for the 850 MW Ratle HEP (J&K) for limited scope of E&M works and renovation and modernisation (R&M) of the 105 MW Loktak HEP (Manipur) for NHPC and its JVs.



This image is for representational purpose only.

Such orders showcase BHEL's engineering capabilities, and will be helpful in opening up newer avenues for engineering services in the future.

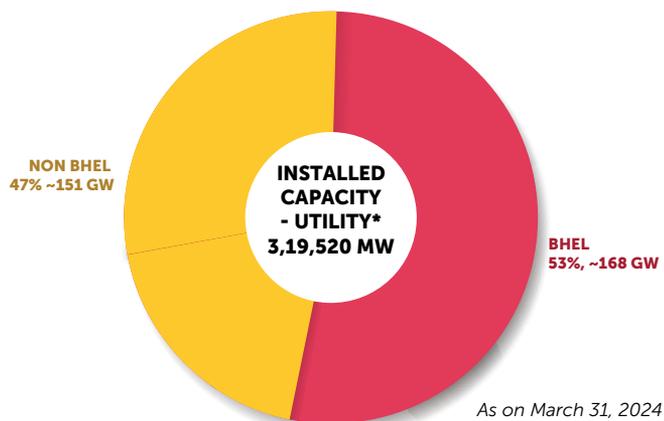
Project Execution

Since its inception in 1964, BHEL has supplied 465 coal based utility sets, 23 diesel sets, 424 hydro utility sets, 103 gas based utility sets and 14 nuclear based utility sets in India up to FY 2023-24. Through its concerted efforts, BHEL achieved a capacity addition of 2,310MW[#] in FY 2023-24 in utility power projects. Further, capacity addition of 2,260 MW was achieved where BHEL scope includes Steam Generator/ Power Cycle piping only. In addition to capacity addition, synchronization of 2,395MW in FY 2023-24 in utility power projects has been achieved. Also, commercial operation for Unit#2 of the prestigious 2x660MW Maitree Super Thermal Power Project (one of the biggest coalfired power plants in Bangladesh) has been declared in March 2024.

BHEL has installed the Nation's another unit fitted with Air Cooled Condenser (ACC) at NTPC North Karanpura Super Thermal Power Project Unit-2 in February 2024 after installing its Unit-1 in January 2023, proving once again the engineering prowess of the company. This Unit with ACC has 1/3rd water footprint as compared to typical unit with Water Cooled Condenser (WCC). In the Lift Irrigation Scheme (LIS) project, wet run & trial operation was completed for U#1 of Palamuru Rangareddy Stage-1 (8x145MW) in October 2024.

Further, BHEL has diversified into supplying large size Francis type Pump-motors sets for Lift Irrigation Schemes, and is currently executing the Pump-Motor Sets for the world's largest lift irrigation project at Kaleshwaram, Telangana.

BHEL maintained its lion's share of 54% in the country's total installed thermal capacity of utility scale power projects, along with 57% of nuclear power generation capacity (secondary side) and 44% of hydro power generation capacity in the country by end of FY 2023-24. Overall at utility scale, including thermal, nuclear and hydro segment, BHEL enjoys 53% share in total installed conventional capacity of the country.

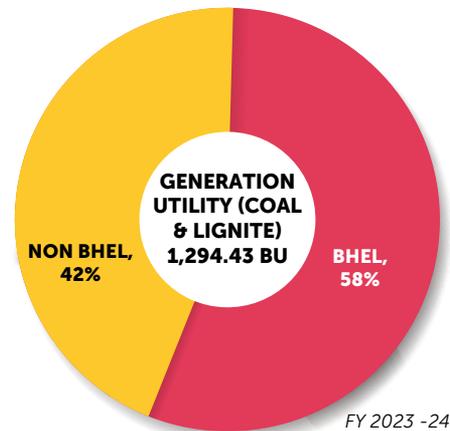


*Includes Thermal, Nuclear & Hydro; Excludes Solar, Wind and Bio-Power; Based on capacity at the time of installation.

[#]-Includes Shirpur Unit#4 (2x150MW). Project was being executed by BHEL Industry sector & went into litigation. The same has been commissioned & taken as Capacity addition by CEA.

Performance of Equipment

During FY 2023-24, 58.1% (752.05 BUs) of the country's total generation of 1294.43 BUs from Coal & Lignite based utility sets has been contributed by BHEL supplied sets.



In terms of Plant Load Factor (PLF), 106 thermal sets achieved PLF of 80% and above, out of which 32 thermal sets achieved PLF of 90% & above and 74 thermal sets achieved PLF between 80% and 90%. In terms of Operational availability (OA), 177 thermal sets registered OA of 90% and above.

It is a matter of great pride and testament of BHEL's product quality that BHEL supplied five subcritical units which are more than 40 years old, achieved PLF of more than 95% in which Singrauli-4 TPS (200MW) has achieved the PLF of 98.8% and OA of 98.0%. This is the highest PLF among BHEL supplied units across all the sectors. Subcritical sets (195 - 600MW) registered *OA of 87.8%. Further, BHEL supplied Supercritical sets (660/ 700/ 800MW) registered OA of 85.8%. Among BHEL supplied supercritical sets, Kothagudem-12 (800MW) achieved highest PLF of 85.5% and OA of 94.4%.

In Nuclear Segment, BHEL supplied equipment continues to exhibit excellent performance. Two nuclear sets supplied by BHEL registered PLF of more than 90% and Three nuclear sets registered OA of 90% and above. Kakrapar unit-1 achieved PLF of 95.8% and Kaiga unit-2 achieved PLF of 95.4%. Kaiga unit-1 has completed its uninterrupted run of 591 days last year.

Power plants with BHEL supplied equipment continue to exhibit above par performance in respect of high OA & PLF, and low outages, and are testimonial to our robust designs and high quality standards.

Digital offerings and solutions

BHEL is progressing ahead with Industry 4.0 Initiatives; like Remote Monitoring and Diagnostic Services (RMDS), Remote Vibration & Diagnostic System (RVDS) and Plant Automation & Live Monitoring (PALM). Notably, Spares & Services business has received the prestigious and strategic order for providing RMDS from BPCL-Mumbai Refinery and order for RVDS- KAMPAN 1.0 (Key to vibration Analysis and Monitoring for Plant's Agility and Novelty) from M/s TVNL Tenughat. With the receipt of these orders, BHEL forays into providing Industry 4.0 solutions, thereby opening new horizons for business expansion.

BHEL has also successfully implemented its first PALM solution at 1x25MW NEEPCO-Khandong HEP in Assam, and has received appreciation from the customer. Further, BHEL also secured second order from NHPC for PALM implementation at seven of their power stations.

Coal Gasification Business

The Joint Venture Company of BHEL and CIL, "Bharat Coal Gasification and Chemicals Limited", has been incorporated as a Private Limited Company in May 2024. The JV Company will set up a Coal to Ammonium Nitrate Plant.

Further, in a separate development, NLCIL has issued a work order to BHEL in March 2024, to prepare feasibility study report for the proposed lignite gasification based Integrated Gasification Combined Cycle Pilot Plant.

Future perspective

Rising domestic consumption, Government's push for manufacturing and creation of infrastructure is expected to



Unit 1 of Kakrapar Nuclear Power plant (220 MWe), equipped with BHEL supplied equipment, achieved PLF of 95.8%

drive the energy demand in the near future. This coupled with energy security and energy affordability will drive addition of thermal based power in the near future. Company is working towards catering this upcoming demand for thermal power plants through the efforts in areas like strengthening EPC capabilities, vendor facilitations, standardization of drawings, offering emission reduction solutions etc.

Apart from meeting new demand for power generating equipment, company has set its eyes on after sales & services and competency building for upcoming areas like coal to chemicals and carbon capture & its utilization and sequestration technologies.

BHEL has taken proactive steps for increase in spares and services business through long term spares supply and service agreements with customers, fast supply of spares, offering Flexibilisation solutions for BHEL & non-BHEL sets

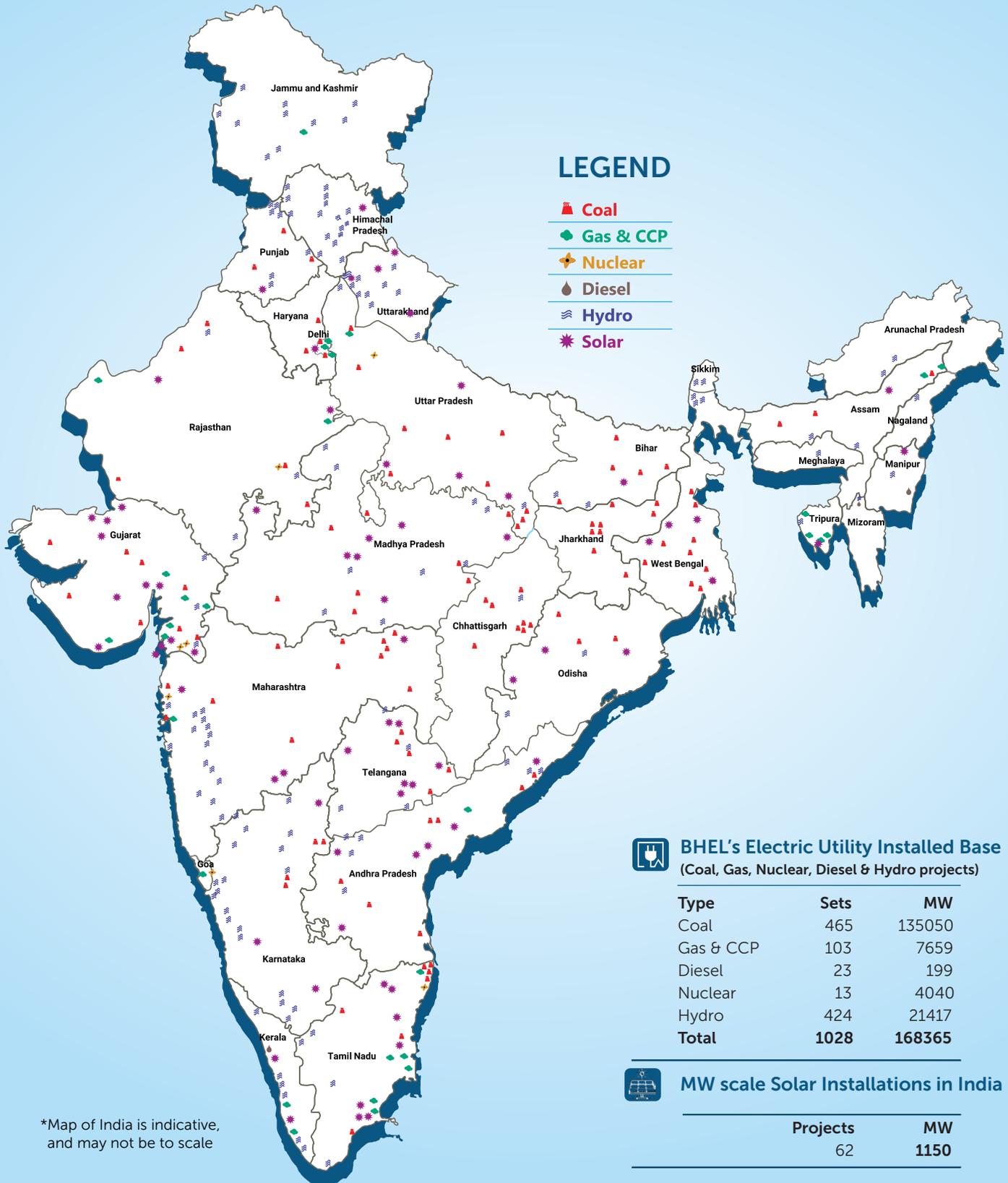


NHPC's 45 MW Nimoo Bazgo Power Station (UT of Ladakh), commissioned by BHEL (electro-mechanical works)

BHEL

Make Electric Utility Installations

Commissioned as on 31.03.2024



LEGEND

-  Coal
-  Gas & CCP
-  Nuclear
-  Diesel
-  Hydro
-  Solar



BHEL's Electric Utility Installed Base

(Coal, Gas, Nuclear, Diesel & Hydro projects)

| Type | Sets | MW |
|--------------|-------------|---------------|
| Coal | 465 | 135050 |
| Gas & CCP | 103 | 7659 |
| Diesel | 23 | 199 |
| Nuclear | 13 | 4040 |
| Hydro | 424 | 21417 |
| Total | 1028 | 168365 |



MW scale Solar Installations in India

| Projects | MW |
|----------|------|
| 62 | 1150 |

*Map of India is indicative, and may not be to scale



BHEL has manufactured India's first set of catalysts for Selective Catalytic Reduction for limiting NOx emissions for the 5x800 MW Yadri Thermal Power Station in Telangana

for dealing with grid stability issues due to fluctuations in renewable power generation.

Given India's reserves of around 300 billion tonnes of coal and the fact that international gasification technologies are not available for high ash coals, the development of indigenous technology by BHEL for gasification of Indian high ash coal is a major step forward in reducing nation's dependence on imports, and is expected to open up major business potential for conversion of coal to chemicals. The same technology can also be used for greener electricity production through "Integrated Coal Gasification Combined Cycle" technology. The company is working to capitalize opportunities in these areas in a time bound and focussed manner. CIL and BHEL have taken the first leap in this business area by associating for setting up a commercial coal gasification project, which has been identified by Government of India for financial incentive under the scheme. Further, other coal based PSUs like NLCIL, SCCL etc. are also in discussion with BHEL to benefit under this scheme, which would eventually materialize in the form of gasification projects in future.

Nuclear power is likely to play an important role in catering to base loads in the coming decades. The company continues to remain the only Indian supplier for nuclear steam turbines and generators as well as associated with the country's three stage nuclear programme and has been a partner for five decades in the development of the indigenous Nuclear Power

Programme. The previous nuclear orders are expected to give BHEL a competitive edge during the next round of bidding for the fleet mode ordering of turbine island EPC packages. The company is also executing works at Kudankulam 2x1000MW Unit 3 & 4, being setup with Russian co-operation and is further working with various stakeholders to indigenize and increase its offerings in the sector.

Hydro power will play a key role for management of peak power requirements due to the variability of renewable energy generation. With its own NABL accredited hydro lab for developing in-house hydro profiles, BHEL is the undisputed market leader in E&M packages for green field hydro projects and is a lead player for R&M of old hydro sets. The company is the ideal partner of hydropower producers for achieving an efficient upgradation of turbine profiles (for BHEL as well as non-BHEL make), increasing their lifespan as well as reliability. BHEL is also a leading player in large size pumpmotors required in Lift Irrigation Scheme (LIS) projects.

Profile & Performance
Business Segments

**INDUSTRY
SECTOR**



1.3.2 Industry Sector

The growing Indian economy is opening up new opportunities in infrastructure sectors viz., Transportation, Transmission, Defence etc. BHEL's Industry Sector offers a broad range of industrial systems and products for the major sectors of the Indian economy. Industry Sector, comprising of market-focused groups, offers comprehensive and customised solutions for Rail Transportation, Defence & Aerospace, Transmission, Renewables, Oil & Gas, Captive Power Plant, Industrial Products, and upcoming business like Hydrogen, Battery Energy Storage and e-Mobility etc.

In FY 2023-24, Industry Sector secured orders worth ₹21,951 Crores (excluding taxes) which is the highest ever order booked by Industry Sector.

1.3.2.1 Transportation

BHEL has played a key role in the growth journey of India's Rail Transportation for the last six decades. Company has been meeting Indian Railways' rolling stock requirements by offering innovative solutions and "Made in India" systems & equipment. Further, BHEL has been providing world class solutions to Indian Railways in the field of electric propulsion equipment for rolling stock and mainline electric locomotives.

Indian Railways has envisaged advancement and gradual transition of India's Rail Transportation infrastructure towards better safety, improved productivity & efficiency, reduced carbon imprint, and thereby creating significant opportunities for the industry. As a part of this endeavor, it is projected that large opportunities would come up in the domain of MEMU, EMU & high speed/ semi-high speed trainsets, conventional & high power locos, and signaling systems over the next 10 years.



Designed & manufactured first-ever Dual Cab Diesel Electric Locomotive (700 HP rating) indigenously at BHEL, Jhansi



Flagged off Prototype MEMU Rake equipped with BHEL developed propulsion system from MCF, Raebareli

Achievements during the year

- Secured major breakthrough order, as lead partner of consortium, from Indian Railway for supply and 35 years' maintenance of 80 numbers Vande Bharat Trains—marking BHEL's entry into domestic semi high-speed mobility segment.
- Secured largest value order from Banaras Locomotives Works (BLW), Varanasi for 830 Traction Motors (Type 6FRA6068) for WAG-9 Locomotives.
- Secured export order from RITES for manufacture and supply of 10 Traction Alternators (TA9901 BY) & 60 Traction Motors (IM4513AZ) to Mozambique for 3300HP Cape Gauge Locomotive.
- Traction Motor for Vande Bharat Trainset developed in house at BHEL, Bhopal.
- Designed & manufactured first-ever Dual Cab Diesel Electric Locomotive (700 HP rating) indigenously at BHEL, Jhansi. The locomotive complies with US EPA Tier-2 equivalent emission norms thereby offering an environmental friendly solution for the Industry.
- Supplied 22 numbers WAG-9H Electric Locomotives (6000HP) to Indian Railways.
- Rolled out 1st and 2nd Non-AC EMU rake fitted with BHEL propulsion electrics from ICF, Chennai.
- 17 numbers MEMU rakes with BHEL's propulsion and electrics rolled out from RCF, Kapurthala and ICF, Chennai.
- Flagged off Prototype MEMU Rake equipped with BHEL developed propulsion system from MCF, Raebareli.
- Electric propulsion for rolling stock, locomotives and MEMUs for Indian Railways developed in-house at BHEL, EDN, Bengaluru.
- Prototype Clearance obtained from Chittaranjan Locomotive Works for BHEL-make Transformer for 9000 HP Electric Loco.

Future perspective

Indian Railways has launched National Rail Plan (NRP) envisaging augmentation of capacity and increasing Railways' share in freight traffic. New generation rolling stock in the form of High Horse Power Electric locomotives for freight movement and Semi High Speed "Vande Bharat" Trains for passenger traffic are being introduced by IR with plans to extend the "Vande Bharat" Trains model to Urban Mobility segment as "Vande Metro".

With these prospects, rail transportation business is expected to grow significantly in future. By leveraging its design, engineering & manufacturing experience, technological competence and pan India presence, BHEL is working towards achieving technology self-sufficiency, and strengthen inhouse capability for design & manufacturing of advanced mechanical and electrical systems for all types of rolling stock.

Indian Railway is planning to implement train collision avoidance system (KAVACH). The system will be implemented across 44,000 km of track within the next five years. To capitalize on the opportunity, the company is foraying in the signaling segment and has undertaken development of KAVACH.

The company is also working with OEMs/ collaborators to address upcoming businesses, especially of high HP locos, Battery/ Hydrogen Fuel Powered Locomotives, High Speed Rail, and Push-Pull locomotives.

1.3.2.2 Transmission

BHEL has its presence across the value chain and offers a wide spectrum of products & systems to cater to the varied needs of Transmission Utilities. BHEL is well poised to further enhance its presence in the emerging areas like EHV GIS Substation, Digital Substation, HVDC projects, etc.

All three Substations associated with Neemuch Transmission System – Neemuch, Chittorgarh & Mandasaur, for the evacuation of renewable energy from Neemuch REZ, were successfully energized within the stipulated timeline

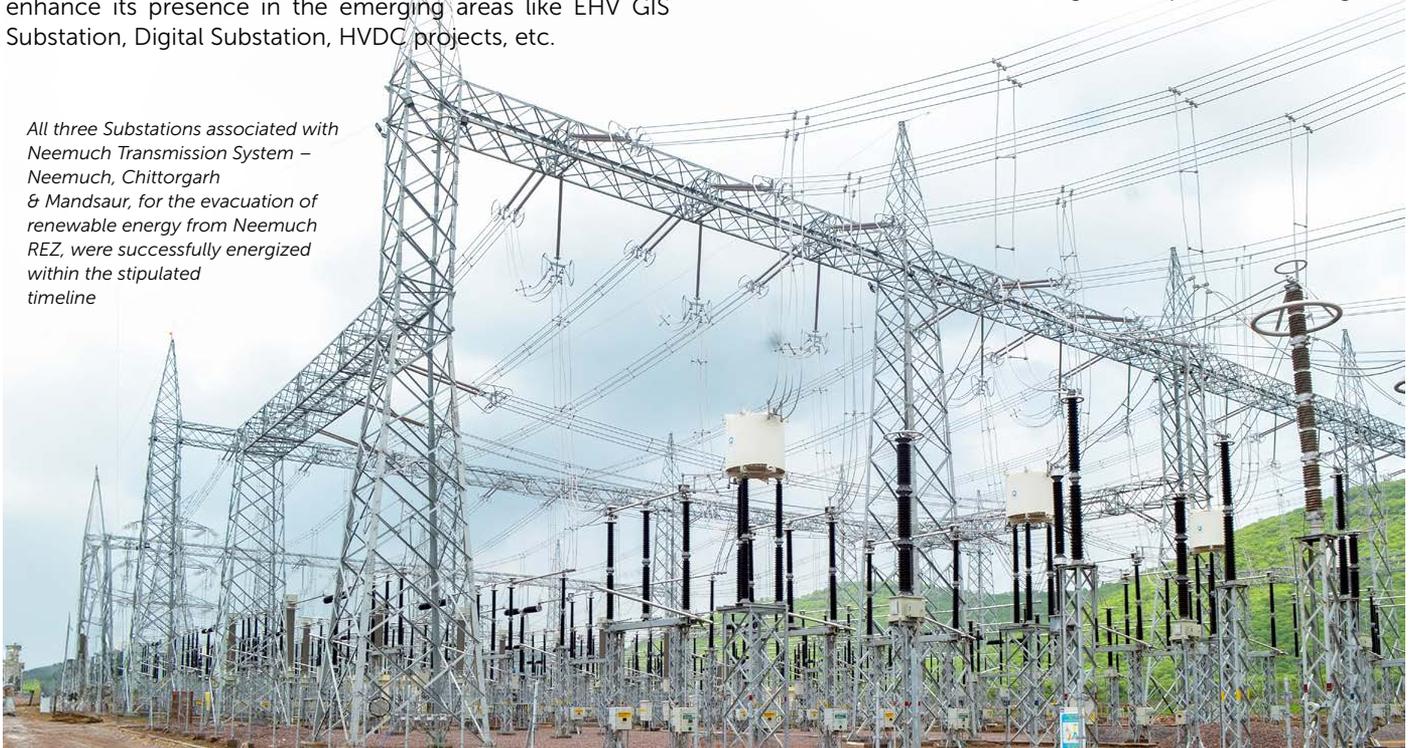


400kV Gas Insulated Switchgear (GIS) bay at Chamera HEP indigenously developed by BHEL under the Aatmanirbhar Bharat initiative

BHEL has established state-of-the-art manufacturing facilities for wide range of transmission equipment both for EHV & UHV (AC/DC) applications, including Converter Transformers, Thyristor Valves, Filter Capacitors, Instrument Transformers, Porcelain & Composite Insulators, Control & Protection etc.

Achievements during the year

- Secured milestone order through competitive route from Maharashtra State Electricity Transmission Company (MSETCL) for HVDC Electrode Station at Malegaon (Maharashtra) for their Padghe HVDC Converter Terminal. This is the first standalone order for HVDC Electrode station secured by BHEL. The project is of national importance as it is linked with high speed rail corridor of NHRCL (National High-speed Railway Corp Limited) between Mumbai and Ahmedabad.
- Received Orders through competitive bidding for



following POWERGRID's TBCB projects:

- o 765/400 kV Bikaner Substation package (Rajasthan)
- o 765/400 kV New Substation at Koppal (Karnataka)
- o Extension of 765/400 kV Koppal & Raichur Substation package (Karnataka)
- o 765/400 kV New Substation at Vataman (Gujarat)
- Orders for 100 numbers 400 kV and 765 kV voltage class Transformers and Reactors.
- Orders for 36 numbers 220 kV voltage class Transformers from State Transmission Utilities.
- All three Substations associated with POWERGRID Neemuch Transmission System –Neemuch, Chittorgarh & Mandasaur, for the evacuation of renewable energy from Neemuch REZ, were successfully energized in March 2024, within the stipulated timeline.

Future perspective

India has planned to have 500 GW capacity of non-fossil fuel-based electricity by 2030. Evacuation of power from generating centres to load centres would require Grid expansion, comprising of high capacity AC transmission corridors and multiple HVDC systems. The Grid expansion is in various stages of planning and implementation. A total of 7.32 Lakh MVA substation capacity is expected to be added during the period 2022-2027 with a total Investment of approx. ₹ 4.76 Lakh Crores, to implement these additional transmission systems.

BHEL has a strong foot print in India's Transmission landscape, with capabilities in both projects as well as products, and is well placed to capitalize on the emerging opportunities.

1.3.2.3 Defence and Aerospace

BHEL has about five-decade long track record of supporting the country's defence forces. BHEL has designed and developed wide range of specialized equipment and weapon systems.

While BHEL is supplying upgraded state-of-the-art SRGMs, we are further augmenting our capacities for upgraded SRGMs in line with the requirement of Indian Navy. BHEL has proven expertise in permanent magnet motor technology and is fully geared up for the indigenous design and development of propulsion systems for naval application. Further, BHEL is also offering solutions in Renovation & Modernization, and Life Extension services of various equipment to the Indian Navy. BHEL is one of the few select firms in the world with the capability to design and manufacture compact heat exchangers and pump modules for military aircraft/helicopters and is currently developing the same for various airborne platforms. The company is also working in close coordination with customers such as CASDIC, HAL, ISRO, ADA, etc. for a diverse range of equipment and services. BHEL has a long standing association with ISRO and its various centres for various space related requirements, and



Packed with enhanced features, BHEL is offering 'Upgraded SRGM' to meet rising security requirements of Indian Navy

efforts are being made to expand product portfolio in Launch Vehicles, Satellites/ Payloads etc BHEL has contributed in Chandrayaan 3 mission by supplying Li-ion batteries for lander & propulsion module, titanium propellant tanks and friction welded bimetallic adaptors for cryogenic stage.

BHEL has upgraded and augmented its facilities to meet the wide spectrum of unique industry requirements for design, engineering, precision manufacturing, heavy forging, special purpose welding and advanced CNC machining activities, which are being utilized for manufacturing of defence & aerospace equipment and systems. These capabilities are also being capitalised to meet the requirements of the aerospace sector and the company is well placed to make a significant contribution in the segment.

Achievements during the year

- Order for 20 numbers Upgraded Super Rapid Gun Mounts (SRGM) for warships of Indian Navy from various shipyards.
- Largest ever order for Thermopressed plates (360 numbers) from Heavy Vehicles Factory (HVF).
- Order from Ministry of Defence for manufacturing of large size marine propellers with funding from Government of India for establishment of associated manufacturing infrastructure.
- Development order for Liquid Circulation Module for Su-30 aircraft.
- First ever order for design and development of 1,350 kW Alternator for Naval application.

Future perspective

Ministry of Defence (MoD) is focusing on "Make in India" under "Aatmanirbhar Bharat Abhiyan" to achieve self-reliance in Defence sector and promoting domestic manufacturing. Defence budget outlay for spending and investments has increased by 4.7% over the last year, as India fast tracks its military modernization and upgradation, especially considering the current geopolitical developments. MoD has released positive lists for indigenisation of imported



76/62 mm Upgraded Super Rapid Gun Mount – SRGM (U)

Since 1994, BHEL has been the sole supplier, manufacturing the state-of-the-art 76/62 mm SRGM (Super Rapid Gun Mount), main gun on-board major warships of Indian Navy, at its Haridwar Plant.

Till date, **BHEL has supplied 44 nos. SRGMs** to Indian Navy/ Coast Guard.

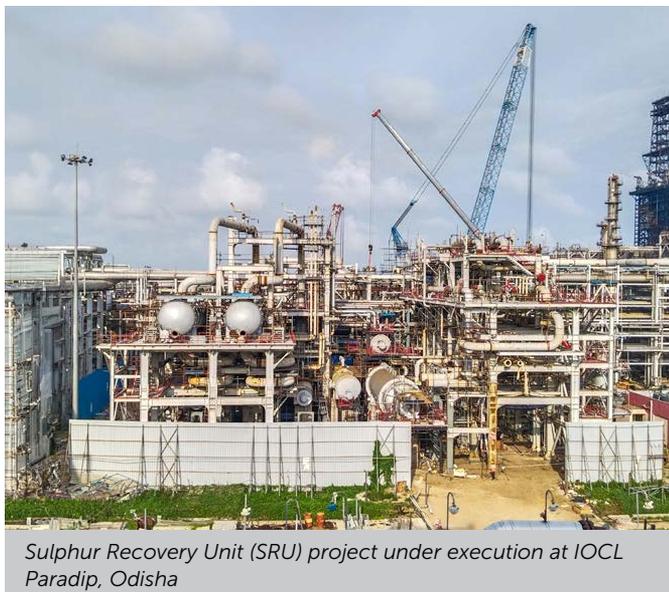
Post absorption and assimilation of technology for SRGM, BHEL has developed capabilities for manufacturing, assembly, integration, proof firing, installation, commissioning including complete life time product support through supply of spares, defect identification/rectification, Health Audit, etc.

In order to ensure maximum availability of SRGM to the Indian Navy, BHEL has augmented its facility at Haridwar plant, and has also set-up Water Front Support Facilities at Naval Dockyard Mumbai and Vizag.

To meet future challenges of Indian Navy, BHEL has also **offered Upgraded SRGM, with enhanced features** like capability to manage multiple types of ammunitions to engage fast manoeuvring / non-manoevring target, radio-controlled targets and fire programmable Vulcano Ammunition with higher range & precision.

We have **received orders for 38 Upgraded SRGMs** in the last two years.





Sulphur Recovery Unit (SRU) project under execution at IOCL Paradip, Odisha

defence equipment in a time bound manner. This reflects the growing confidence of the Government on the capabilities of domestic industry.

BHEL with its proven design, engineering & manufacturing capabilities is well placed to play a much wider role in supporting Gol initiative of Aatmanirbhar Bharat in defence business.

1.3.2.4 Captive Power & Process Plant

BHEL has been addressing the Captive Power business for more than 4 decades, with presence in the Metal & Mining, Process, and Refinery & Petro-chemicals industries of the country. Further, execution of maiden order for Sulphur Recovery Unit (SRU) package at IOCL Paradip Odisha, will open avenues to capitalize on business opportunities of process units of Downstream Oil & Gas Sector (DSOG).

Achievements during the year

- Received orders for four (04) numbers STG (above 40 MW) from existing and new customers.
- Extension of Technical Assistance and License Agreement (TALA) signed with General Electric Technology GmbH, Baden, Switzerland for Gas Turbines

Future perspective

Capacity expansions/ investments are anticipated across all major Industries being catered by the Captive Power & Process Plant Business segment of BHEL.

As per National Steel Policy (NSP), the country aims to achieve a steel production capacity of 300 MTPA, up from the current capacity of approximately 160 MTPA. SAIL plans to increase its capacity from the current 19.51 MTPA to 35.65 MTPA by 2030, while JSW Steel intends to expand capacity to 50 MTPA by the end of this decade, up from the current 29.7 MTPA.

In Oil & Gas Industry, projects worth ₹2 Lakh Crores have already been announced by PSU Oil & Gas Companies

in Petrochemical segment besides capacity addition of 60 MMTPA in Refinery segment by 2030. Additionally, significant demand and growth is expected in the Indian Aluminium Industry in the coming years. Major players like Vedanta, Hindalco, and Nalco are planning substantial capacity expansions driven by the various initiatives of the Government.

With its extensive experience across various industries and a focus to provide sustainable and diversified solutions to meet customer demand, BHEL is well-prepared to capitalize on the forth coming business opportunities arising from the planned expansions and investments in the industry.

1.3.2.5 Industrial Products (including Oil & Gas and Electrical Machines)

BHEL has been serving the Oil & Gas sector for more than five decades. Most of the refineries & petro-chemicals industries in India are equipped with BHEL supplied static and rotating equipment.

In addition to the increased oil demand, investments in Green Hydrogen and Ammonia Plants have been proposed by various industry players.

Business opportunities for Industrial Products such as centrifugal compressors, fired heaters, heat exchangers, valves, high tonnage columns & vessels etc. are expected in these forthcoming projects.

Achievements during the year

- Order for 700 Wellheads and 553 X-Mas Trees
- Order for 3 numbers Compressors for HPCL Vizag & NRL projects.
- First ever order of 43 Sucker Rod Pump (SRP) for supply against ICB tender for in-house developed product.
- Developed 15,000 PSI Well Head and X-Mas Tree & Supplied to ONGC in line with India's "Aatmanirbhar Bharat Mission",
- Successful completion of Hydro-test of Main



Conventional X-Mas tree valves manufactured by BHEL

Fractionator Column at HRRL, Barmer weighing ~700 tonnes. This is the largest column supplied by BHEL for refinery sector in terms of weight and diameter.

Future perspective

The oil demand in India is slated to double till 2045 from current level of 19 million barrels of oil per day to 38 million barrels of oil per day. India has established its position as one of the largest refiners globally and is aiming to increase the refining capacity from 254 MMTPA to 450 MMTPA by 2030.

Considering the industries expansion plans and BHEL's established footprint through product and system offerings in various sectors viz. Oil & Gas (Downstream & Upstream), Steel, Fertilizers, Petrochemicals, BHEL is fully geared up to capitalize the upcoming opportunities.

1.3.2.6 New and Renewable Energy Business Areas

COP28 agreement re-emphasises on reducing greenhouse gas emissions, building resilience to climate impacts and addressing the climate crisis. Alongside being reliant on coal power, India is also pushing renewable energy capacity addition to become a net zero country by 2070 in line with the five nectar elements (Panchamrit) of India's climate action plan. Govt is planning to build 500GW of RE capacity by 2030. This accelerated adoption of renewables is giving impetus to the Solar Energy and Energy Storage market in India alongside giving a boost to business areas like EV chargers, hydrogen business etc. where BHEL is targeting to diversify.

Renewable Energy

India's recently updated NDC (Nationally Determined Contribution) commits for about 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. The majority of this is expected to be solar capacities.

Hydrogen Business

Under the National Green Hydrogen Mission, Govt is targeting to make India a global hub of Green Hydrogen production and Electrolyser manufacturing. MNRE has launched Strategic Interventions for Green Hydrogen Transition (SIGHT scheme) of ₹17,490 Crores to incentivise Electrolyser manufacturing and Green Hydrogen production. As per MNRE, total installed capacity of Electrolysers in India is estimated to be 60-100 GW by 2030 with Green hydrogen production potential of 5MMTPA.

This growth trajectory opens up substantial opportunities across the hydrogen value chain, including Electrolyser manufacturing, hydrogen storage and distribution solutions, fuel cells, and biomass.

Electric Mobility

Under the National Electric Mobility Mission Plan (NEMMP), Ministry of Heavy Industries (MHI) launched Faster Adoption and Manufacturing of Electric and Hybrid Vehicles (FAME) scheme in India. Government has also launched various other schemes, like ACC PLI, Auto-PLI etc. to develop the supply chain ecosystem for EVs, enabling faster adoption of EVs in India.

Battery Energy Storage Systems (BESS)

The National Electricity Plan-2032 released by Ministry of Power (MoP) in May 2023, has made a projection of the installed BESS capacity in India to reach 8.6 GW/ 34 GWh by 2027 and further to 47GW/ 236GWh by 2032. MoP's Viability Gap Funding Scheme, with budgetary support of ₹3,760 Crore, has been launched in March 2024. This is expected to spur the BESS demand through allocation of 4GWh of VGF-linked BESS projects by 2025-26.

Future perspective

BHEL is working to capitalize on its experience, engineering and execution strength in Floating Solar Power Plants. Further, BHEL has entered into an MoU with M/s REC Power Development Corporation Limited (RECPDCL – a subsidiary of REC) for exploring development of primarily RE Projects along with other energy source projects.

In line with the national commitments, BHEL intends to diversify its product portfolio by building a robust Hydrogen business. The ambition is to build GW scale Electrolyser manufacturing capacity by 2030. BHEL has entered into technology licensing agreement with Bhabha Atomic Research Centre (BARC) for 50kW Alkaline Electrolyser system and is further exploring opportunities for collaboration, with organizations interested in Electrolysers, Fuel cells, Biomass Gasification and Type IV cylinders. BHEL has developed 5kW PEM Fuel Cell (PEMFC) and has successfully completed capacity test of the 25kW PEMFC. The technology is being further scaled to higher capacities suitable for heavy duty application.

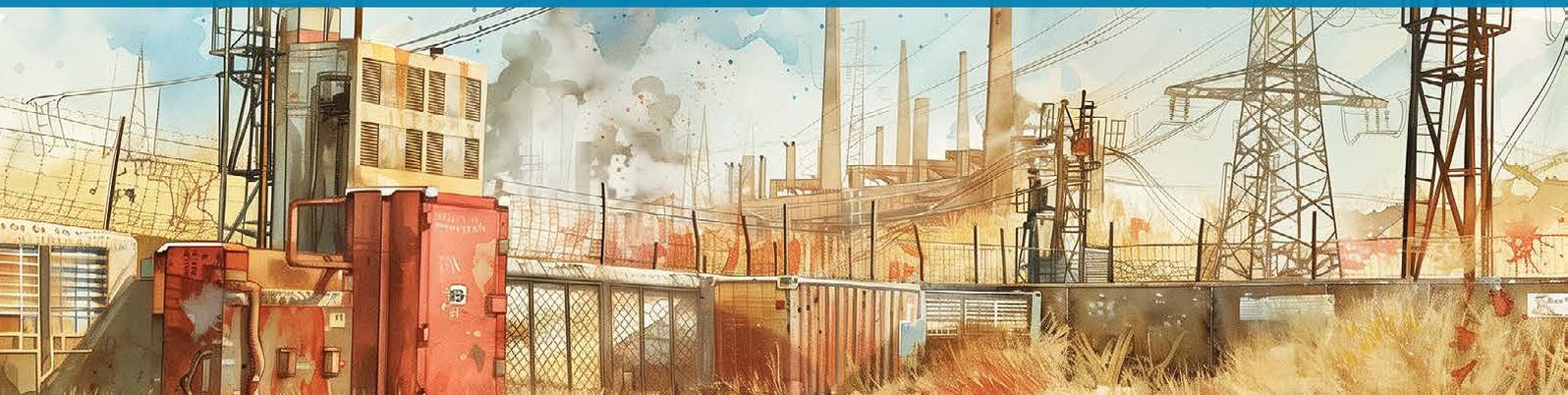
BHEL has successfully developed and received certification of 122 kW charger and 60 kW charger. First in-house manufactured 60 kW EV charger commissioned at BPCL retail outlet BKC Complex, Mumbai and subsequently total of 59 such chargers have been installed at BPCL retail outlets across India. Initiatives for in-house development and manufacturing of higher ratings of EV chargers (240 kW and above) are also underway.

BHEL is well prepared to address expected sharp uptick in BESS demand by offering integrated solutions by capitalizing on its vast experience in system engineering & project execution.



Profile & Performance
Business Segments

**INTERNATIONAL
OPERATIONS**



1.3.3 International Operations

Overview

BHEL has been the flag-bearer for the country in exports since decades, and is gradually expanding further in the international markets. Our references now encompass 89 countries with 13 GW installed capacity overseas and over 4 GW under installation.

Presently, major projects under execution in the overseas include (6x200 MW) Punatsangchhu-I and (6x170 MW) Punatsangchhu-II hydro projects in Bhutan; (4x225 MW) Arun-3 hydro project and (2x20 MW) Rahughat hydro project in Nepal; 26 MW Calabar Gas based power project & 1.3 MW Kaduna Solar Mini grid projects in Nigeria and a host of orders for products and spares & services.

Company's effort in the overseas business for products, after-sales & services are reaping positive results with receipt of recent significant orders including the largest order for Gas Turbine parts in UAE, largest ever order for consultancy services in Nigeria and other notable orders.

Achievements during the year

- Largest orders in Gas Turbine parts segment from overseas market:** secured largest ever orders (2 numbers) from the overseas Gas Turbine parts segment for supply of Fr-9E Gas Turbine Rotors & parts from International Energy Resources (IER) FZCO, UAE.
- Entry into new segment in international business - maiden direct export order in railways segment:** secured significant order for supply of locomotive spares for Sri Lanka Railways which is the maiden direct export order in the Railways segment.
- Largest ever consultancy services order in overseas market:** significant order in the consultancy services segment for technical services secured from Chrome Consortium Energy Nigeria Limited (CCENL), Nigeria. This is the largest ever consultancy services order from the overseas market.
- Overseas order for Transformers:** significant order from the Product sales segment has been secured from Bhutan for the supply of Generator Transformers (4 numbers) for Chhukha Hydropower Plant, Bhutan.
- Orders for Fr-9E Gas Turbine parts from Iraq:** orders (2 numbers) for the supply of Gas Turbine parts to Ministry of Electricity, Iraq secured from M/s Tareek-Al-Malak, Iraq. Notably, these are the largest ever GT parts orders received from the Iraqi market.
- Inauguration of BHEL's largest overseas project - 2x660 MW Maitree STPP, Bangladesh:** the prestigious overseas project, one of the largest power-projects of Bangladesh, was jointly inaugurated by Prime Ministers of India and Bangladesh in November 2023. Notably, the second unit of this project was synchronized ahead of challenging target committed in G2G meetings.



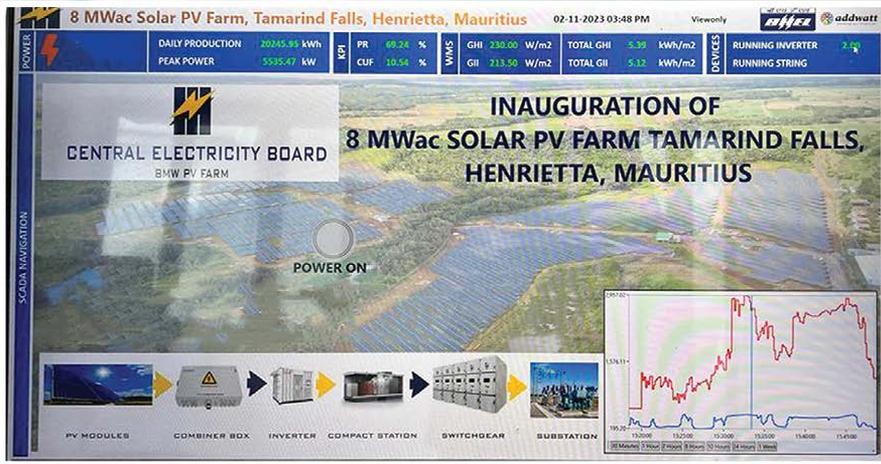
Unit 2 of 2 x 660 MW Maitree STPP, Bangladesh commissioned by BHEL

Subsequently, capacity addition was also achieved.

- **Inauguration of BHEL's first ever overseas turnkey contract for grid-connected Solar PV Power Plant - 8 MW_{ac} Solar PV Farm at Tamarind Falls, Henrietta, Mauritius:** project was jointly inaugurated by the Hon'ble Prime Minister of Mauritius and the Hon'ble Minister of State for External Affairs and Parliamentary Affairs, Government of India in November 2023. Notably, this is BHEL's first ever overseas turnkey contract for grid-connected Solar PV Power Plant as well as BHEL's first project in Mauritius.
- **Maiden entry in Spain:** BHEL expanded its footprints to 89 countries (besides India) by securing its first ever order from Spain.

Future perspective

Exports has been focus area for BHEL, and several steps are being taken to revitalize BHEL's export business. The company is focusing on leveraging its world-class design, engineering, and manufacturing capabilities to supply a wide range of customized products & turnkey solutions, especially in the power, oil & gas and industry sectors, and position itself as a viable alternative to traditional manufacturing destinations. The company is continuing its concerted efforts in the target markets of Africa, the Middle East with an emphasis on the conventional segment of Coal, Oil & Gas fired power projects. The company is targeting scaling up business by leveraging its dominant position in hydro segment in neighbouring countries viz. Nepal, Bhutan. The focus on product supplies combined with after sales has started yielding results.



8 MW_{ac} Tamarind Fall Solar PV Project in Henrietta, Mauritius commissioned by BHEL

BHEL Global Footprints

SOUTH AMERICA

Chile
Suriname
Trinidad & Tobago

NORTH AMERICA

Canada
Mexico
USA

AFRICA

Algeria
Benin
Chad
Comoros
DR Congo
Egypt
Eswatini
Ethiopia
Ghana
Kenya
Libya
Liberia
Malawi
Maurius
Mozambique
Nigeria
Rwanda
Senegal
South Africa
Sudan
Tanzania
Togo
Uganda
Zambia
Zimbabwe

EUROPE

Belarus
Belgium
Bulgaria
Cyprus
Estonia
Finland
France
Georgia
Germany
Greece
Ireland
Italy
Malta
Poland
Romania
Russia
Spain
Sweden
Switzerland
Turkey
Ukraine
United Kingdom

ASIA

Afghanistan
Azerbaijan
Bangladesh
Bahrain
Bhutan
Brunei
China
Hong Kong
Indonesia
Iran
Iraq
Japan
Jordan
Kazakhstan
Kuwait
Laos
Malaysia
Myanmar
Nepal
Oman
Philippines
Saudi Arabia
Singapore
South Korea
Sri Lanka
Syria
Taiwan
Tajikistan
Thailand
U.A.E
Vietnam
Yemen

OCEANIA

Australia
New Caledonia
New Zealand
Samoa

WITH PRESENCE IN
89 COUNTRIES
in all six inhabited continents



MAITREE SUPER THERMAL POWER PROJECT

- An Engineering Marvel

BHEL has successfully executed 2x660 MW Maitree Super Thermal Power Project in Bangladesh, jointly inaugurated by Hon'ble Prime Ministers of India & Bangladesh, symbolizing the enduring friendship and strategic partnership between India and Bangladesh.

BHEL's role in this project spans the entire spectrum of engineering, procurement, and construction (EPC), exemplifying BHEL's technological expertise and project execution capabilities.

The project is an engineering marvel, built on reclaimed land elevated with dredged river sand, and in a highly cyclone-prone area, with very high design wind speeds of 262 km/hr - highest ever by BHEL.

The project involved constructing unique features like 400kV GIS, River water Jetty (540 meters long, the largest in Bangladesh), Ship Unloaders, High Concentration Slurry Disposal System, large space frame covered sheds for coal, pneumatic fly ash loading from Silo, Pipe conveyors for lime and gypsum, FRP Flue cans with a 275-meter RCC

Chimney and an integrated FGD System (for meeting environment norms).

Equipped with advanced, world class supercritical technology, the Maitree Power Plant significantly reduces emissions and enhances fuel efficiency.

By spearheading such prestigious projects, BHEL continues to showcase the nation's engineering excellence on the world stage.



1.4 Comprehensive Analysis of Financial Performance

(Figures of previous year FY 2022-23 restated owing to change in Accounting Policy, Refer Note No. 44 of the Financial Statements)

1.4.1 BHEL Standalone

A. Financial Results

1. Total Income

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|--------------------------------------|---------------|---------------|
| Revenue from contract with customers | 22,921 | 22,136 |
| Other operational Income | 972 | 1,229 |
| Other Income | 588 | 515 |
| Total Income | 24,481 | 23,880 |

The revival of thermal business and multipronged diversification efforts of the company have given a renewed impetus to the operations of the company. Higher Revenue is expected in the coming years through the execution of record order inflow.

2. Expenses

2.1 Material consumption, erection and engineering expenses

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|--|---------------|---------|
| Direct Material (incl. Subcontracting Cost) | 16,894 | 15,954 |
| Revenue | 22,921 | 22,136 |
| (Accretion)/Decretion in inventories of finished goods, work in progress and scrap | (437) | (57) |
| Gross Revenue (Value of Production) | 23,358 | 22,193 |
| Direct Material cost as % of Gross Revenue | 72% | 72% |

Direct material cost, remained at previous year's level. The Company is strategizing for cost reduction through a series of measures especially targeting economy of scale through centralized procurement / sub-contracting, enhancing vendor base, liquidity support to vendors / sub-contractors, design optimisation, indigenization etc.

2.2 Employee benefits expenses

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|----------------------------|---------|---------|
| Employee benefits expenses | 5,629 | 5,701 |
| No. of Employees | 28,673 | 29,536 |

During the year 2023-24, employee benefit expenses have been adjusted for periodical wage review due once in three years, resulting in reversal of employee benefit expenditure pertaining to previous year 2022-23.

2.3 Other expenses

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|--|--------------|--------------|
| a) Other expenses of Mfg., Admn., Selling & Distribution | 1,534 | 1,466 |
| b) Power & Fuel | 452 | 488 |
| Sub-total | 1,986 | 1,954 |
| As % of Revenue | 8.7% | 8.8% |
| c) Provisions (net) | (1,037) | (1,083) |
| d) Exchange Rate Variations | (105) | (460) |
| Total | 844 | 411 |

Other expenses (as % to Revenue) have been optimized at 8.7% adopting budgetary control.

Details of Provisions (net) as under:

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|---|----------------|----------------|
| Doubtful debts (incl. ECL), liquidated damages, loans, advances & deposits and others | 1,481 | (663) |
| Bad debts, LD, Investment & losses written off | 66 | 148 |
| Contractual obligations | (2,584) | (568) |
| Total | (1,037) | (1,083) |

During the year ended March 31, 2024, the company has changed its accounting policy in line with the Expert Advisory Committee opinion from ICAI for factoring time value of money while calculating Expected Credit Losses (ECL) on Contract Assets. This change in Accounting policy reflects better presentation of Contract Assets as on date.

The change has been applied retrospectively with restatement of balance sheet (as on April 01, 2022) in compliance with Ind AS 8. The impact provided for Expected Credit Loss on contract assets as on April 01, 2022 is reduction in total equity by ₹ 2,626.50 Crores, withdrawal in Provision for ECL for FY 2022-23 is ₹ 236.17 Crores and withdrawal in Provision for ECL for FY 2023-24 is ₹ 1,093.50 Crores.

Based on the historical experience / technical assessment, the company has reviewed its provisioning for warranties (contractual obligations) in line with the board approved accounting policies, which resulted in reduction of revenue by ₹ 92.47 Crores, and reduction in provisions by ₹ 1,356.12 Crores during the year.

Further, re-balancing of provisioning cost has been done to mitigate immediate future risk and merit based provisioning has been done in certain cases on the basis of management assessment. Focus on provision withdrawals through customer settlements continues to be a priority.

3. Finance costs

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|--------------------------------------|------------|------------|
| Discount & exp. on commercial papers | 9 | 51 |
| Interest expense | 601 | 309 |
| Un-winding of provisions | 121 | 161 |
| Total | 731 | 521 |

There has been an increase in Finance Cost as compared to the previous year in view of higher interest rates on borrowings as well as comparatively higher levels of borrowings.

4. Depreciation & amortization expenses

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|-----------------------------|---------|---------|
| Depreciation & amortisation | 249 | 260 |

Depreciation cost varies depending on the capitalization time period & mix of assets class. Overall, there is a reduction in the depreciation cost as compared to previous financial year.

5. Tax expenses

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|-----------------------------|-------------|-----------|
| Current tax - Current year | 31 | 48 |
| - Earlier years | (143) | (159) |
| Deferred tax - Current year | 59 | 173 |
| - Earlier years | 13 | (1) |
| Total | (40) | 61 |

The Current tax expense for the year is lower, mainly due to reversal of tax expense on account of adjustment of Income Tax refunds pertaining to earlier assessment years.

6. Profitability

The company posted Profit Before Tax of ₹ 220 Crores and post-tax profit at ₹ 260 Crores for FY 2023-24 with EBITDA @4.9% for ₹ 1,201 Crores.

Material Cost remained at elevated levels of 72%, similar to FY 2022-23, impacting gross margin and profitability adversely. However, lower profits as compared to previous year have been primarily due to factors like lower ERV Gains & higher borrowing cost as compared to previous year.

The profitability during the year has also been impacted

by change in accounting policy w.r.t. ECL on Contract Assets & change in estimate w.r.t. Contractual obligation provisioning. Further, re-balancing of provisioning cost has been done to mitigate immediate future risk through merit based provisioning, done in certain cases on the basis of management assessment.

7. Other comprehensive income

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|---|-------------|-------------|
| Re-measurement of defined employee benefits gain/(loss) | (110) | (23) |
| Less: Income tax related to above item | (28) | (6) |
| Total | (82) | (17) |

Other Comprehensive Income represents re-measurement gain/ (loss) on defined benefit plans such as Gratuity, PF, Post-Retirement Medical Benefit etc.

B. Financial position

8. Property, plant and equipment (PPE), intangible assets and capital WIP

(₹ Crores)

| Particulars | March 31, 2024 | March 31, 2023 |
|---|----------------|----------------|
| Gross carrying value | 7,236 | 6,949 |
| Less: Accumulated depreciation / amortisation | 4,662 | 4,473 |
| Net carrying value (net block) | 2,574 | 2,476 |
| CWIP & intangible assets under development | 308 | 354 |
| Total | 2,882 | 2,830 |

Certain properties have been identified for sale under asset monetisation drive, subject to requisite approvals (details at Note 3.1 (Additional disclosure)).

9. Equity investments

(₹ Crores)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|--|----------------|----------------------|------------|----------------|----------------------|------------|
| | Investment | Impairment / FV adj. | Net | Investment | Impairment / FV adj. | Net |
| Investment in joint ventures | 718 | (52) | 666 | 718 | (52) | 666 |
| Investment in other equity instruments | 1 | 1 | 2 | 1 | 3 | 4 |
| Total | 719 | (51) | 668 | 719 | (49) | 670 |

Investment in joint ventures (JVs) were accounted at cost after considering impairment loss, if any, in line with Ind AS. Investment in other equity are accounted at fair value through profit & loss account and changes in carrying value have been made based on fair value on the reporting date.

10. Trade receivables (Net)

(₹ Crores)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|---|----------------|---------|--------|----------------|---------|--------|
| | Non-Current | Current | Total | Non-Current | Current | Total |
| Gross Receivables | 15,284 | 5,889 | 21,173 | 14,920 | 3,801 | 18,721 |
| Less: Allowances for Bad & doubtful debts | 12,059 | 1,104 | 13,163 | 11,504 | 673 | 12,177 |
| Trade receivables (net) | 3,225 | 4,785 | 8,010 | 3,416 | 3,128 | 6,544 |

Trade Receivables were at the level of ₹ 8,010 Crores as at the end of March 2024 vis-à-vis ₹ 6,544 Crores at the end of March 2023. Increase in Trade receivables is mainly on account of delayed/ irregular payments by certain large customers.

11. Cash & cash equivalents and bank balances

(₹ Crores)

| Particulars | March 31, 2024 | March 31, 2023 |
|---|----------------|----------------|
| Cash & cash equivalents | 1,835 | 1,561 |
| Deposits having maturity more than 3 months but not more than 12 months | 3,740 | 4,852 |
| Earmarked bank balances & FD against margin money | 582 | 285 |
| Total | 6,157 | 6,698 |

The company accords top priority to cash collection resulting in increased collection by nearly 13% over the previous year including Customer advances.

12. Deferred tax assets (Net)

(₹ Crores)

| Particulars | March 31, 2024 | March 31, 2023 |
|---------------------------|----------------|----------------|
| Deferred tax assets (net) | 4,201 | 4,247 |

The reduction in Deferred Tax Assets during the year is mainly on account of set-off of brought forward loss. Deferred Tax Assets as at March 31, 2023 has been restated on account of change in accounting policy w.r.t. impairment of Financial Assets.

13. Other assets

(₹ Crores)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|-----------------------------|----------------|---------|--------|----------------|---------|--------|
| | Non-Current | Current | Total | Non-Current | Current | Total |
| Contract assets (Net) | 13,296 | 13,452 | 26,748 | 16,606 | 9,860 | 26,466 |
| Input tax credit receivable | - | 1,301 | 1,301 | - | 1,086 | 1,086 |
| Claim recoverable | 570 | 951 | 1,521 | 300 | 801 | 1,101 |

| | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Deposit with tax authorities & others | 105 | 413 | 518 | 112 | 450 | 562 |
| Advances & others | 142 | 65 | 207 | 70 | 138 | 208 |
| Less: Provision | 423 | 269 | 692 | 133 | 236 | 369 |
| Total | 13,690 | 15,913 | 29,603 | 16,955 | 12,099 | 29,054 |

The major component is pertaining to Contract Assets, which represent unbilled revenue not yet due for payment as per contract terms.

14. Inventories

(₹ Crores)

| Particulars | March 31, 2024 | March 31, 2023 |
|--|----------------|----------------|
| Raw material & components | 3,069 | 3,029 |
| WIP | 3,918 | 3,483 |
| FG | 503 | 512 |
| Stores & spare parts | 215 | 203 |
| Other inventory | 298 | 273 |
| Sub total | 8,003 | 7,500 |
| Less: Provision for non-moving inventory | 782 | 744 |
| Total | 7,221 | 6,756 |

The inventories are carried at optimised levels keeping in view the future production needs of higher order inflows.

15. Current tax assets/(liabilities) – Net

(₹ Crores)

| Particulars | March 31, 2024 | March 31, 2023 |
|--|----------------|----------------|
| Current tax assets/(liabilities)-net of provisions | 229 | 226 |

The amount mainly represents TDS (net of provision for tax), which is due for refund in near future.

16. Share Capital

(₹ Crores)

| Particulars | March 31, 2024 | March 31, 2023 |
|--|----------------|----------------|
| Authorised share capital | 2,000 | 2,000 |
| Issued, subscribed & paid up share capital | 696 | 696 |

There has been no change in the share capital during the current financial year. The shareholding of promoter [Go] stands unchanged at 63.17%.

17. Other equity

(₹ Crores)

| Particulars | March 31, 2024 | | March 31, 2023 | |
|--|----------------|---------|----------------|---------|
| | Non-Current | Current | Non-Current | Current |
| Opening balance | 24,116 | | 26,275 | |
| Reinstatement due to change in policies or prior period errors | - | | (2,627) | |
| Add: Total comprehensive income/(loss) for the year | 177 | | 607 | |
| Less: Dividend (incl. interim dividend) paid during the year | (139) | | (139) | |
| Closing balance | 24,154 | | 24,116 | |

During the year ended March 31, 2024, the company changed its accounting policy with respect to factoring time value of money while calculating Expected Credit Losses in respect of Contract Assets, in line with the Expert Advisory Committee opinion obtained during the year from ICAI. The change has been applied retrospectively and a balance sheet (as on April 01, 2022) is provided to restate financial statements in compliance with Ind AS 8.

Further, change in net worth is due to total comprehensive income during the year & dividend for FY 2022-23 paid during the year. Dividend @20% for the year 2022-23 was approved by the Shareholders in the AGM held on August 24, 2023 & subsequently paid during the year.

18. Borrowings & Lease Liabilities

(₹ Crores)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|-------------------|----------------|--------------|--------------|----------------|--------------|--------------|
| | Non-Current | Current | Total | Non-Current | Current | Total |
| Borrowings | - | 8,808 | 8,808 | - | 5,385 | 5,385 |
| Lease Liabilities | 23 | 25 | 48 | 34 | 35 | 69 |
| Total | 23 | 8,833 | 8,856 | 34 | 5,420 | 5,454 |

The company resorted to intermittent short term borrowings to bridge the gaps in cash inflows/outflows. Short term borrowings in the form of WCDL, loan against FD's and commercial paper were availed. The company has continued to ensure repayment of its borrowings on or before the due date.

19. Financial liabilities

(₹ Crores)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|-----------------------------|----------------|---------------|---------------|----------------|---------------|---------------|
| | Non-Current | Current | Total | Non-Current | Current | Total |
| Trade payables | 2,293 | 8,696 | 10,989 | 2,066 | 9,896 | 11,962 |
| Other financial liabilities | 326 | 1,418 | 1,744 | 256 | 1,405 | 1,661 |
| Total | 2,619 | 10,114 | 12,733 | 2,322 | 11,301 | 13,623 |

There has been reduction in Trade Payables as at the end of March 2024, as compared to March 2023 for timely liquidity support to vendors/sub-contractors.

20. Provisions

(₹ Crores)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|--------------------------------------|----------------|--------------|--------------|----------------|--------------|--------------|
| | Non-Current | Current | Total | Non-Current | Current | Total |
| Provision for contractual obligation | 1,373 | 449 | 1,822 | 2,990 | 784 | 3,774 |
| Provision for employee benefits | 904 | 1,228 | 2,132 | 878 | 1,384 | 2,262 |
| Other provisions | 212 | 639 | 851 | 233 | 623 | 856 |
| Provision for CSR | - | 2 | 2 | - | 6 | 6 |
| Total | 2,489 | 2,318 | 4,807 | 4,101 | 2,797 | 6,898 |

Based on the historical experience / technical assessment, the company has reviewed its provisioning for warranties (contractual obligations) in line with the board approved accounting policies, during the year 2023-24. The provision for employee benefits is based on actuarial valuation of leave, medical and gratuity benefits. Other provisions mainly include provisions for loss making contracts.

21. Other liabilities

(₹ Crores)

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|---|----------------|--------------|--------------|----------------|--------------|--------------|
| | Non-Current | Current | Total | Non-Current | Current | Total |
| Advances from customers (incl. valuation adjustments) | 4,063 | 3,070 | 7,133 | 2,586 | 3,049 | 5,635 |
| Statutory dues | - | 993 | 993 | - | 908 | 908 |
| Govt. grants | 39 | 4 | 43 | 20 | 5 | 25 |
| Total | 4,102 | 4,067 | 8,169 | 2,606 | 3,962 | 6,568 |

The company had its highest ever order booking during the year 2023-24, which has also led to increase in Advances progressively adjustable during execution of the projects. Statutory dues are mainly on account of GST liability regularly being discharged on due dates as disclosed under "other assets" (Refer SI No. 13).

C. Fund Position

22. Fund flow position and liquidity

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|---|---------|---------|
| Cash generated from Operations before working capital changes | (490) | (54) |
| Net cash inflow / (outflow) from working capital changes | (3,445) | (797) |
| Net cash inflow / (outflow) from operating activities | (3,713) | (741) |
| Net cash inflow / (outflow) from investing activities | 1,331 | 1,480 |
| Net cash inflow / (outflow) from financing activities | 2,656 | 89 |

Liquidity situation has been quite challenging during the year 2023-24 due to delayed / irregular payments by certain large customers, and cash outflows had been higher, primarily on

materials / sub- contracting required for project execution.

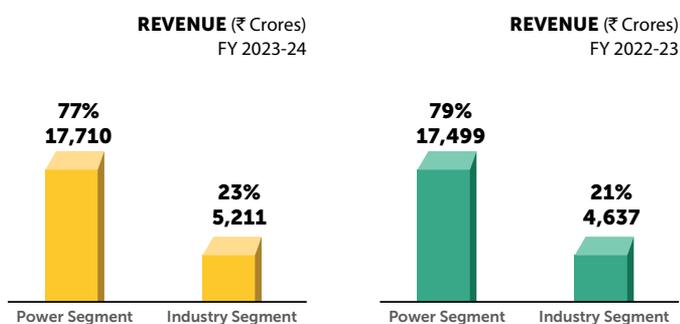
Nevertheless, liquidity situation is expected to improve from the year 2024-25, partly due to initial milestone advances of recently received projects, and achievement of major milestones in certain projects.

D. Key Financial Ratios

In compliance with the requirement of listing regulations, the key financial ratios along with explanations, wherever required, have been provided in Note [43] of the financial statements.

E. Segment performance

The company has two operating segments, power and industry. Both segments have reported growth in revenue with a positive bottom line. The performance of segments is given below:



(₹ Crores)

| Particulars | 2023-24 | | 2022-23 | |
|--------------------------|---------|----------|---------|----------|
| | Power | Industry | Power | Industry |
| Segment revenue | 17,710 | 5,211 | 17,499 | 4,637 |
| Segment results | 1,657 | 137 | 1,585 | 484 |
| Segment capital employed | 18,891 | 2,337 | 14,751 | 2,735 |

1.4.2 Financial Review of Joint Venture Companies

a. BHEL-GE Gas Turbine Services Private Limited (BGGTS):

BHEL-GE Gas Turbine Services Private Limited (BGGTS) is a Joint Venture Company of BHEL and GE, USA, formed to take up repair & servicing of GE designed gas turbines. The financials in brief are as below:

(₹ Crores)

| Particulars | 2023-24* | 2022-23 |
|-----------------------------|-------------------------|-------------------------|
| BHEL share (%) | One share less than 50% | One share less than 50% |
| BHEL's investment in equity | 2.38 | 2.38 |
| Revenue from operations | 1,054.74 | 967.13 |
| Profit/(Loss) after tax | 127.95 | 112.56 |
| Net worth | 508.97 | 464.59 |

* based on provisional unaudited figures

In FY 2023-24, BGGTS paid final dividend of 350% (for FY 2022-23) and interim dividend of 1400% on the equity share capital of ₹4.76 Crores.

b. NTPC BHEL Power Projects Private Limited (NBPPL):

NTPC BHEL Power Projects Private Limited (NBPPL) is a JV Company of BHEL and NTPC Limited, promoted to execute EPC contracts for power plants and manufacture power plant equipment. The JVC has a manufacturing facility for Balance of Plant (BoP) equipment at Mannavaram in Andhra Pradesh. The brief financials are tabulated below:

(₹ Crores)

| Particulars | 2023-24* | 2022-23 |
|-----------------------------|----------|---------|
| BHEL share (%) | 50% | 50% |
| BHEL's investment in equity | 50.00 | 50.00 |
| Revenue from operations | 19.07 | 51.27 |
| Profit/(Loss) for the year | (4.16) | (15.97) |

* based on provisional unaudited figures

The provision for impairment in value of investment in NTPC-BHEL Power Projects Private Limited has been made to the extent of ₹ 50.00 Crores (same as last year) based on the net financial position. The Board of Directors in its meeting held on February 08, 2018 has accorded in-principle approval for pursuing the winding up of NBPPL. Ministry of Power (MoP), GoI, in August 2019 had advised NTPC to consider buying out the stake of BHEL and decide either to continue it as an in-house EPC arm or close it after completion of present work. Subsequently, in a meeting held on October 03, 2022 at MoP, it has been decided to wind up NBPPL after the completion of balance ongoing works at Unchahar TPP (1x500MW).

c. Raichur Power Corporation Limited (RPCL):

Raichur Power Corporation Limited (RPCL) is a Joint Venture Company of BHEL and Karnataka Power Corporation Limited (KPCL) promoted for setting up of 800 MW supercritical thermal power plants in Karnataka on build, own and operate basis. The paid-up equity capital as on March 31, 2024 was ₹ 2,999.76 Crores with contribution of ₹ 2,335.72 Crores from KPCL and ₹ 664.04 Crores from BHEL. The financials of the Company are as under:

(₹ Crores)

| Particulars | 2023-24* | 2022-23 |
|-----------------------------|------------|------------|
| BHEL share (%) | 22.14% | 22.14% |
| BHEL's investment in equity | 664.04 | 664.04 |
| Revenue from operations | 3,924.29 | 3,078.86 |
| Profit/(Loss) for the year | (1,529.03) | (1,389.22) |

* based on provisional unaudited figures

Though at PBT level, the company had higher losses in FY 2023-24, however, the company had positive EBITDA. With



improved power demand, the operations of the plant are expected to improve, aiding the bottom-line of the company.

d. Powerplant Performance Improvement Private Limited (PPIL):

Powerplant Performance Improvement Private Limited (PPIL) is a Joint Venture Company of BHEL and Siemens AG, Germany promoted for performance improvement of old fossil fuel power plants.

Since sufficient business to ensure viability of the company was not forthcoming, the promoter partners mutually agreed to gradually wind up the Company. All the pending contracts of the JVC were closed and the process of winding up was initiated during FY 2018-19. The JVC is under liquidation.

Investment in PPIL is ₹ 2 Crores is fully provided for.

1.4.3 Consolidated Financial Statements (CFS)

Consolidated Financial Statements have been prepared in accordance with Ind AS 110 on "Consolidated Financial Statements" and Ind AS 28 "Investments in Associates and Joint Ventures".

In the financial statements, for joint ventures, Equity Method is adopted in line with Ind AS. M/s PPIL was not considered for CFS as it is under liquidation.

A summary of the results on financial performance, in line with the aforementioned Ind AS are as under:

Financial performance

(₹ Crores)

| Particulars | For the year ended | |
|-------------------------------------|--------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Revenue from operations | 23,893 | 23,365 |
| Profit /(Loss) before tax | 243 | 716 |
| Profit /(Loss) after tax | 282 | 654 |
| Other comprehensive income/ (Loss) | (83) | (17) |
| Total comprehensive income / (Loss) | 200 | 637 |

The share of profit in respect of joint venture - BGGTS was ₹ 63.98 Crores in FY 2023-24 as against profit of ₹ 56.02 Crores in FY 2022-23. The joint venture companies (NBPPL and RPCL) have incurred losses in FY 2023-24. The accumulated losses equal to the cost of investment in these two JVs have already been recognized in the consolidated financial results, in FY 2018-19.

Financial position

(₹ Crores)

| Particulars | March 31, 2024 | March 31, 2023 |
|--|----------------|----------------|
| Assets | | |
| Property, plant and equipment, intangible assets and CWIP (net carrying value) | 2,882 | 2,830 |
| Investment accounted for using equity method | 254 | 232 |
| Non-current financial assets | 3,432 | 3,561 |
| Deferred tax assets (net) | 4,201 | 4,247 |
| Non-current other assets | 13,690 | 16,956 |
| Current assets | 34,546 | 29,094 |
| Total | 59,005 | 56,920 |
| Equity and Liabilities | | |
| Equity share capital | 696 | 696 |
| Other equity | 23,742 | 23,682 |
| Non-current liabilities | 9,234 | 9,062 |
| Current liabilities | 25,333 | 23,480 |
| Total | 59,005 | 56,920 |

The share of CAPEX in respect of joint venture – BGGTS, NBPPL and RPCL was ₹ 17.89 Crores in FY 2023-24.

1.5 Capital investment

During the year 2023-24, company made capital expenditure of ₹ 287 Crores towards modernization & upgradation of existing facilities as well as new areas. Majority of investments were made to strengthen capabilities in critical areas like Defence, Transportation and Nuclear. The facilities that cater to core business like Power generating equipment, transmission equipment etc., also underwent modernization for operational efficiency improvement and to meet rising market demand for the products.

1.6 Internal Financial Control System

The Internal Financial Control (IFC) system of BHEL is founded on well documented policies and procedures for ensuring orderly and efficient conduct of its businesses, including adherence to Company's policies, safeguarding of assets, prevention & detection of frauds and errors, accuracy & completeness of the accounting records, and timely preparation of reliable financial information.

The source of implementation and maintenance of IFC are Manuals, Guidelines, Delegation of Powers and IT system & controls, and are effected through well-defined organizational structure i.e. people operating in various departments within the Company at different levels at each stage of the processes.

BHEL has Internal Audit Department, commensurate with its size of operations and nature of its spread across the units/

divisions to cover internal audit activities at all locations of BHEL. To assess the adequacy and effectiveness of IFC, regular reviews of risk focused areas and critical appraisal of the functioning of the processes and systems is conducted by respective units/division/internal audit department at respective locations. Based on the report of internal audit, process owners undertake corrective action(s) in their respective area(s) to ensure effective internal financial controls.

Audit is conducted as per Annual Audit Plan, approved by Board Level Audit Committee (BLAC). Observations and recommendations of Internal Audit are shared with all units and regions and material internal Audit observations and CAG audit paragraphs are reviewed BLAC.

Independent Auditors Report on the Internal Financial controls of the company in terms of Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 by the Statutory Auditors is placed along with the Financial statements. Statutory Auditors in its report expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

1.7 Quality focus

Company has well established Quality Management Systems, and various initiatives are being implemented for continual improvement in quality, and further enhancement of Quality Management System effectiveness. Business Excellence journey has been reinvigorated by aligning to the European Foundation for Quality Management (EFQM) 2020 framework. In this regard, "BHEL Quality Maturity Model (BQMM)" is deployed to assess maturity of Quality System across BHEL. Additionally, to gauge the effectiveness of Quality Systems and Practices, a comprehensive "QHI (Quality Health Index)" model is being implemented. Furthermore, Quality Systems are digitalized to enable Digital Transformation. The best practices in Quality are shared across the organisation through Quality conversation platform, known as 'Qonverse'.



Lithium-ion cell manufacturing at Electronics Systems Division, Bengaluru

These focused efforts have yielded significant results in various areas. In the Business Excellence journey, one BHEL unit received the coveted CII EXIM Bank Award 2023, with seven BHEL Units received "Platinum" recognition and two Units "Gold Plus" recognition in CII EXIM Bank Award 2023. In other significant achievement, BHEL received the Silver Award in the 3rd edition of EEPIC India Quality Awards 2023 under Government/ PSU/ Central Joint Ventures category. These awards are a testament to the company's unwavering commitment to excellence in the field of Quality by virtue of company-wide initiatives like Business Excellence, 5S, Digitalisation etc.



Quality Month with the theme of 'Quality First - Collaborating to Succeed' was observed across BHEL in November 2023



1.8 Human resource

1.8.1 Learning and Development

BHEL recognizes the importance of continuously enhancing the technical and behavioural competencies of its entire workforce. As the company navigates through the energy transition and diversification endeavours, it places significant emphasis on fostering a culture of unlearning and relearning. This strategic focus aims to cultivate an agile, adaptive, and forward-looking workforce.

Training programs in Technical, Functional, Behavioural/ Managerial, safety areas have been conducted by Corporate Learning & Development (CLD) and other Human Resource Development Centres (HRDCs) across the organisation. The e-learning portal now has more than 120 online offerings for the employees. An overall Training Man-Days of 3.34 was achieved and 95,843 man-days of trainings were conducted in FY 2023-24.

In FY 2023-24, BHEL engaged 1,698 apprentices across its various units. Among them, 1,232 were Trade (ITI) Apprentices, while the remaining 466 comprised Graduate, Diploma, Vocational, and non-technical apprentices. The apprentices gained valuable hands-on learning experiences within our state-of-the-art engineering facilities, enabling them to develop essential skills for thriving in the manufacturing sector as they prepare for their future.

Inter-Organisation Meet was conducted to share best practices on Learning & Development (L & D) on March 14, 2024. L&D Professionals from different reputed PSUs participated in the event.

1.8.2 Performance and Career Development

HR collaborated with the Business/Product Heads in redesigning the competency framework. HR is also working on institutionalization of process to create succession roadmap.

Identification of critical roles in the organization based on business scenario done along with creation of successor profile. Further successor pool has been identified using In-person Assessment & Development Centres (ADCs) by engaging external certified assessors. Post ADCs, Individual Development Plans (IDPs) have been created. Taking this further, customized training interventions at reputed institutions are being provided for the identified people.

Employee Satisfaction and Engagement Survey in BHEL

Employee Satisfaction and Engagement Survey is conducted online for all categories/ cadres of BHEL employees, across all units, through a centrally administered online platform once in two years. The opportunities for development are identified and addressed wherever feasible, either through policy support or improving operational framework.

Disclosure under section 134 (3)(p) of the Companies Act

As per Section 134 (3) (p) of the Companies Act 2013, the Board's Report of a Listed Company shall include a statement indicating the manner of formal annual evaluation of Board, individual directors etc. Ministry of Corporate Affairs has, vide its notification dated June 5, 2015, notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sec. 134(3) (p) regarding statement on formal annual evaluation shall not apply to Government Companies, in case the directors are evaluated by the Ministry, which is administratively in-charge of the company as per its own evaluation methodology. Further, in line with above exemptions, Sub-Sections (2), (3) & (4) of Sec 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of Government Companies.

In a CPSE, the MoU signed between the Company and the Government of India (GoI), details out the parameters and initiatives that the Company is required to undertake during that financial year. This MoU is evaluated at the end of the year by the GoI and a performance rating is assigned to BHEL based on its performance on the spelt-out parameters. Further, there is a well laid down procedure for performance evaluation of CMD and Functional Directors. Department of Public Enterprises (DPE) has designed a format and laid down a procedure for evaluation of the Functional Director's performance. The tenure of Functional Directors as spelt out in their Terms and Conditions of Appointment is five years or the date of their superannuation, whichever is earlier.

The terms of reference of Board Level Committees are approved by the Board. The minutes of Board Level Committees are placed before the Board for its perusal.

Appointment of Independent Directors and their tenure (normally three years) is decided by the GoI. DPE, through BHEL's Administrative Ministry (MHI), has been evaluating/ assessing the performance of independent directors on the Board of the company.

1.8.3 Industrial Relations

Company's industrial relations journey has been guided by the principle of "Participation of All". This principle is upheld through the company's policy of open and continuous communication with every section of its workforce. Company's dedication to fostering a participatory culture, working closely with diverse employee groups, has played a pivotal role in nurturing a congenial and harmonious industrial relations climate within the organization.

During the year, BHEL's manufacturing units, divisions, and offices reported harmonious and peaceful industrial relations. Zero man-days were lost during the year on account of strike against company policies, bearing testimony to the concerted efforts undertaken by the management, as well as the employee groups to work jointly towards the company's goal.

In line with BHEL's dedication to fostering a participatory culture, a meeting of the apex level bipartite forum, known

as the "Joint Committee for BHEL," was held during the year, along with one special session involving representatives from all Central Trade Union Organizations, with limited participation from Units. Additionally, at the unit level, 39 meetings of "Plant Councils" and 689 meetings of "Shop Councils" were held at various manufacturing locations. The discussions in these forums revolved around improving the overall performance of the company by increasing productivity, enhancing quality, safety, and delivery to meet customer commitments and adopting various cost reduction measures to improve the financial health of the company. Through these efforts, BHEL aims to benefit its various stakeholders, including employees, by ensuring sustainable growth, competitiveness and profitability.

1.8.4 Manpower Strength

The Manpower Strength of BHEL as on March 31, 2024 is **28,673** consisting of **10,256** Executives, **4,210** Supervisors and **14,207** Workers.

1.8.5 Status on Presidential Directives

No Presidential Directives have been received w.r.t (A) Reservation policy for reserved category persons (B) Safeguard of women at workplace during the years 2021-22, 2022-23 and 2023-24.

1.8.5.1 Directives on Reservation Policy for Reserved Category Persons

Presidential Directives on reservation policy issued by Central Government from time to time provide for certain percentages of reservation in direct recruitment as well as

promotion in specified posts and for specified reserved category of candidates, i.e. SCs, STs, OBCs and Persons with Disabilities (PwD). Besides, the directives also contain provision for certain concessions and relaxations for specified category of employees in direct recruitment and promotion. The Presidential Directives on the subject are being strictly complied with and reservation percentages are ensured through maintenance of Post Based Roster system as prescribed by Government. However, there is no direct impact of these guidelines on the financial position of the company.

Other relevant information on the subject is furnished below:

i. Representation of SC/ST/OBC/EWS employees

The overall representation of SC/ST/OBC employees in total manpower as on December 31, 2023 was 20.71%, 7.59% and 37.76% for SCs, STs and OBCs respectively. During the year 2023, one employee belonging to SC category joined in Group D on compassionate grounds.

The Annual Statement in the prescribed format showing the representation of SCs, STs, OBCs and EWS as on December 31, 2023 and number of appointments made during the calendar year, is given at **Annexure - A**.

ii. Manpower strength of PwD employees as on 31 Dec 2023

Total number of PwD employees as on 31 December 2023 was 819. During the year 2023, no employee was recruited in PwD category. The group wise manpower



International Women's Day celebrated at Corporate Office, New Delhi



strength of PwD employees in the Company as on 31 December 2023 is given at **Annexure - B**.

1.8.5.2 Safeguard of Women at Workplace

An Act to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto called "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013", has come into force from December 09, 2013 with notification of rules by Government of India, Ministry of Women and Child Development called "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013".

The provisions of the Act and the rules thereunder are being strictly complied with. In accordance with the Act, Internal Complaints Committee (ICC) has been constituted in all units of BHEL. ICC's constitution and contact details are hosted on the unit's website. Posters highlighting the key

provisions of the Act, Duties of the Employer, Complaints Redressal Mechanism, Action for Malicious Complaints & various misconceptions about Sexual Harassment have been displayed at conspicuous places in all units in Hindi, English and Regional languages. The Act requires companies to conduct orientation sessions or training for the ICC annually. Internal Complaints Committee must have knowledge and sensitivity to redress the grievances of women. This is mandatory not just legally but also for the workplace safety. In line with the Act a workshop for ICC Members was organized on pan BHEL basis. At unit level, 31 workshops / awareness programmes were conducted on Sexual Harassment Act and Gender Sensitization.

During the year 2023-24, 03 number cases has been reported out of which 02 cases have been disposed. As on April 01, 2024, 01 number case is pending.

Annexure – A

Annual Statement showing the representation of SCs, STs, OBCs and EWS as on December 31, 2023 and appointments made during the calendar year 2023

| Groups | Representation of SCs/STs/OBCs/EWS (As on December 31, 2023) | | | | | No. of appointments made during the calendar year 2023 | | | | | | | | | | | |
|-----------------------|---|-----------|--------------|--------------|---------------|--|----------|----------|----------|----------|---------------|----------|----------|---------------------------|----------|----------|----------|
| | | | | | | By Direct Recruitment | | | | | By Promotion* | | | By Deputation/ Absorption | | | |
| | Total No. of Employ ees | EWS | SCs | STs | OBCs | Total | EWS | SCs | STs | OBCs | Total | SCs | STs | Total | SCs | STs | OBCs |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Group A | 11370 | 8 | 2069 | 962 | 3286 | 0 | 0 | 0 | 0 | 0 | -----NA----- | 0 | 0 | 0 | 0 | 0 | 0 |
| Group B | 3669 | 0 | 734 | 441 | 893 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Group C | 13636 | 3 | 3126 | 782 | 6633 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Group D (Excl. SW) | 109 | 0 | 35 | 2 | 57 | 1 | 0 | 1 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Group D (SW) | 27 | 0 | 4 | 1 | 11 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 28,811 | 11 | 5,968 | 2,188 | 10,880 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* In BHEL there are no appointments at induction level by promotion

Annexure – B

Statement showing number of persons with disabilities appointed during the year 2022

| Group | Number of Employees | | | | Direct Recruitment | | | | | | | Promotion* | | | | | | |
|--------------|---------------------------------|-----------|-----------|------------|---------------------------|----------|----------|----------|--------------------------|----------|----------|---------------------------|----------|----------|----------|--------------------------|----------|----------|
| | Total number of employees | VH | HH | OH | No. of vacancies reserved | | | Total | No. of appointments made | | | No. of Vacancies reserved | | | Total | No. of appointments made | | |
| | | | | | VH | HH | OH | | VH | HH | OH | VH | OH | HH | | VH | HH | OH |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| Group A | 11,370 | 4 | 15 | 299 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -----NA----- | 0 | 0 | 0 | 0 | 0 | 0 |
| Group B | 3,669 | 2 | 5 | 106 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Group C | 13,636 | 16 | 25 | 343 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Group D | 136 | 1 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 28,811 | 23 | 47 | 749 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |

Note:

- (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
- (ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)
- (iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

* In BHEL there are no appointments at induction level by promotion

1.9 Capacity Building for the Country

BHEL is a major contributor towards engineering and manufacturing capacity building for the Country. The company is carrying out following initiatives with support from Ministry of Heavy industries (MHI) under the Capital Goods Scheme Phase II:

- Company has established a “Common Engineering Facility Centre (CEFC)” for skill development in Welding Technology at WRI Trichy along with its extension centers at Varanasi, Ranipet, Bhopal, Jhansi and Haridwar units of BHEL. The centres have the capacity to train ~5000 Trainees annually in basic & advanced welding technologies.
- Company is establishing a Test Lab for Pumps at its Hyderabad unit. This lab shall be one of its kind in the country and shall allow for High Flow and High Temperature test which were earlier carried out abroad only, giving a push to “Make in India” endeavor.
- Company is establishing a testing facility comprising both Hardware in the Loop (HIL) and Software in the Loop (SIL) functionalities in the area of Industrial, Naval and Aircraft related processes at its Corporate R&D Unit at Hyderabad with support from MHI. This will help different defence related labs and design groups of process industry to vet the designs at different stages and aid the start-ups / MSME / Process Industries / Defence establishments to develop new designs and test their performance in line with Government’s thrust on Make in India.
- Company is augmenting the test facilities of existing Technical Services Division Lab to develop a state-of-the-art NABL accredited test lab with facilities for testing the chemical, electrical, mechanical properties under a single roof at its Bhopal Unit. This lab is strategically located in Central India and will specifically cater the requirements of electrical capital goods industry.

1.10 Right to Information

In consonance with the provisions of the Right to Information Act, 2005 (the Act), BHEL has designated a Central Public Information Officer (CPIO) at corporate office, along with one Nodal Officer at Corporate Office and 25 other CPIOs at each of the major administrative units are functioning in the Company. 25 First Appellate Authorities also function in the Company to dispose-of first appeals filed against the orders of the CPIO(s), as provided under the Act. As a measure to facilitate citizens in filing their RTI applications and first appeals online, BHEL has adopted the online RTI web portal (<https://rtionline.gov.in>) launched by Department of Personnel & Training. Consequently, RTI applications and RTI first appeals filed on the portal are being replied through online mode. Section 4 (1) (b) disclosures have been made available on BHEL’s website (<https://www.bhel.com/right-information>). In addition, certain guidelines & proforma(s) indicating procedure for obtaining information and for filing RTI first appeals under the Act have been placed on BHEL’s website.

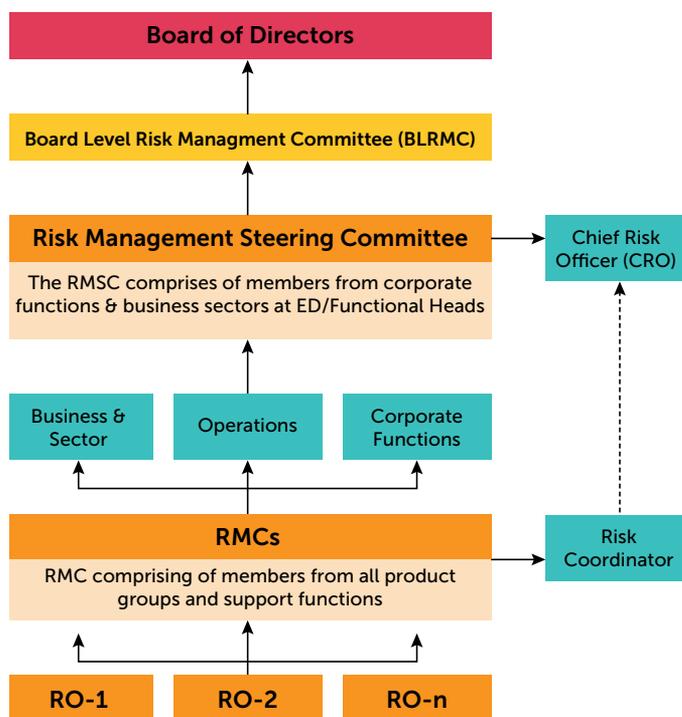
BHEL being a member of Steering Committee on RTI constituted by Standing Conference of Public Enterprise (SCOPE) actively participates in its meetings and discussions related to RTI matters organized by SCOPE. During FY 2023-24, 599 applications and 137 appeals were received online, and 511 applications (including 2 rejected) and 128 appeals were disposed-of.

1.11 Risks and Concerns

BHEL’s business have exposure to various types of internal and external risks related to financial, operational, sectoral, technological, ESG specific, cyber security, changing business environment, technology considerations, long duration of projects and timely on-site product support requirements in adverse conditions.

BHEL has identified a need for an efficient and effective Risk management process within the company for ensuring the conduct of the business in a risk conscious manner.

The company has in place a Risk Management Charter & Policy to implement a structured and comprehensive Enterprise Risk Management system. The charter is intended to establish a common understanding, language and methodology for identifying, assessing, responding, monitoring and reporting risks. This ensures that key risks are being properly identified,



reported in time to management and effectively managed. The process for risk identification is consciously guided by the Company’s growth objectives, external environment, Industry reports as well as internal and external stakeholders, amongst others.

The key risks faced by the company are:

1. Delivery: Delay in execution of Projects leads to LDs, penalties, customer dissatisfaction and impacts company's image.
2. Liquidity Risk: High demand for liquidity due to rising debtors
3. Material Cost: Rising material cost affecting margins
4. Cyber Security: Online data & information security breach leads to loss and critical information infrastructure breakdown.
5. Availability of technology: Upgradation of technologies
6. Order Booking: Changing business environment due to CoP26 needs the company to diversify in Non-fossil business areas

The mitigation measures against the above mentioned six identified risks are in place.

1.12 Data and Cyber Security

To fortify BHEL against cyber threats and safeguard its IT assets, the company has implemented advanced security measures. This includes perimeter security features such as Next Generation Firewalls, Intrusion Prevention Systems (IPS), Secure Web Gateways, Virtual Private Networks (VPN), and Secure Email Gateways. Multi-factor authentication has been introduced for critical IT services to augment network and data security.

Furthermore, a centralized endpoint protection solution with Endpoint Detection and Response (EDR) capabilities has been deployed organization-wide. This solution incorporates advanced features like Anti-Bot, Threat Hunting, Anti-Ransomware, and Compliance features.

BHEL has established a centralized Cyber Security Operations Centre (SOC) equipped with advanced functionalities such as User and Entity Behaviour Analysis (UEBA), Security Orchestration Automation and Response (SOAR), and Web Application Firewall (WAF). This SOC monitors security logs from various devices around the clock and is integrated with threat intelligence from NCIIPC, CERT-In, and third-party agencies. A 24x7 helpdesk at the SOC addresses cybersecurity and endpoint-related issues promptly.

BHEL has a Cyber Crisis Management Plan in place for swift response and recovery in the event of a cyber-attack. The organization regularly conducts thorough security reviews of all internet-facing applications, devices, and servers with the assistance of professional external agencies. Recommendations and observations from these reviews are duly addressed.

Quarterly penetration testing of all internet-facing applications and devices is conducted by a CERT-In empanelled agency, ensuring that critical vulnerabilities are promptly resolved. All the critical / high / medium vulnerabilities are closed immediately. BHEL collaborates closely with CERT-In, NCIIPC, and other government agencies, taking prompt action on any input received from them to enhance the organization's cyber security posture.

For and on behalf of the Board of Directors of

BHARAT HEAVY ELECTRICALS LTD.



K. Sadashiv Murthy

Chairman & Managing Director

Place: New Delhi

Date: July 27, 2024

Annexure – II to the Board's Report Corporate Governance

2.1 Our Philosophy on Corporate Governance

BHEL functions within a sound Corporate Governance framework, which underlines its commitment to quality of governance, transparency in disclosures, consistent enhancement of stakeholders' value and corporate social responsibility. BHEL endeavours to transcend beyond the basic and regulatory requirements of corporate governance, focusing consistently on building confidence of its shareholders, customers, employees, suppliers and the society at large. The Company's corporate governance framework rests upon the cornerstones of transparency, disclosure, independent monitoring, and fairness to all, especially minority shareholders.

Further, the Company believes in conducting its business in compliance with Corporate Governance procedures and Codes of Conduct, exemplifies each of the core values, which positions BHEL to deliver long-term returns to the shareholders, favourable outcomes to the customers, attractive opportunities to the employees, opportunity to the suppliers to partner the Company in progress, and enrichment of society. The Codes of Conduct are available at BHEL Corporate website (www.bhel.com) under 'Investor Relations' section.

2.2 Board of Directors

i. Composition & Category of Directors

Pursuant to Section 2(45) of the Companies Act, 2013, BHEL is a 'Government Company' as 63.17% of the total paid-up share capital of the Company is held by the Central Government through the President of India.

The composition of Board of Directors of BHEL has an appropriate mix of Executive Directors represented by Functional Directors including CMD and Non-Executive Directors represented by Government Nominees & Independent Directors, to maintain independence of the Board and to separate the Board functions of management and control.

The composition of the Board of Directors as on March 31, 2024 is as follows:

| Category of Directors | Board Structure | Actual Strength as on March 31, 2024 |
|---|-----------------|--------------------------------------|
| Chairman & Managing Director | 1 | 1 |
| Whole-time Executive (Functional) Directors | 5 | 4 |
| Part-time Official Directors (Government Nominees) representing the Ministry of Heavy Industries, Government of India | 2 | 2 |
| Part-time Non-official (Independent) Directors | 8 | 3 |
| TOTAL | 16 | 10 |

As on March 31, 2024, there exists five vacancies of Part-time Non-official (Independent) Directors and one vacancy of Whole-time Executive (Functional) Director i.e. Director (Finance), on the Board of BHEL. The matter of filling up of vacancies is under consideration/ process at the end of Government of India.

ii. Attendance of each Director at the Board Meetings held during 2023-24 and the last AGM

| Director's Name S/ Shri | No. of Board Meetings | | Last AGM (held on 24.08.2023) |
|--|--------------------------|----------|-------------------------------------|
| | Held during their tenure | Attended | |
| Executive Directors | | | |
| K. Sadashiv Murthy, Chairman & Managing Director (w.e.f. November 1, 2023) | 4 | 4 | * |
| Dr. Nalin Shinghal, Chairman & Managing Director (upto October 31, 2023)# | 11 | 11 | Yes |
| Jai Prakash Srivastava, Director (E, R&D) § | 15 | 15 | Yes |
| Krishna Kumar Thakur, Director (HR) (w.e.f. July 4, 2023)@ | 11 | 11 | Yes |
| Tajinder Gupta, Director (Power) (w.e.f. September 20, 2023) | 6 | 6 | * |
| Ms. Bani Varma, Director (IS&P) (w.e.f. October 9, 2023) | 5 | 5 | * |
| Subodh Gupta, Director (Finance) (upto April 17, 2023 as per Govt. letter dated May 17, 2023) | 1 | 1 | * |
| Ms. Renuka Gera, Director (IS&P) (upto August 31, 2023) | 7 | 7 | Yes |
| Upinder Singh Matharu, Director (Power) (upto August 31, 2023)§ | 7 | 7 | Yes |
| Part-Time Official Directors – Govt. Nominees | | | |
| Ms. Arti Bhatnagar, Additional Secretary & Financial Advisor, Ministry of Commerce & Industry | 15 | 10 | Yes |
| Vijay Mittal, Joint Secretary, Ministry of Heavy Industries | 15 | 15 | Yes |
| Part-Time Non-Official (Independent) Directors | | | |
| Dr. K. Sivaprasad | 15 | 15 | Yes |
| Dr. Lekhasri Samantsinghar | 15 | 14 | Yes |
| Ramesh Patlya Mawaskar (w.e.f. June 8, 2023) | 11 | 11 | Yes |

#Held additional charge of the post of Director (Power) w.e.f. September 1, 2023 upto September 19, 2023.

§ Held additional charge of the post of Director (Finance) w.e.f. April 18, 2023.

& Held additional charge of the post of Director (HR) upto July 3, 2023.

@ Held additional charge of the post of Director (IS&P) w.e.f. September 1, 2023 upto October 8, 2023.

* denotes the respective person was not a Director of BHEL as on last AGM date.

A. Details of Directorships, Committee Memberships and Committee Chairmanship in other companies as on March 31, 2024[#]

| Director's name S/ Shri | Details of Directorships in other Companies | Details of Committee Memberships and Committee Chairmanship in other Companies* |
|--|--|---|
| K. Sadashiv Murthy, Chairman & Managing Director | 1. Bharat Pumps and Compressors Ltd. 2. Heavy Engineering Corporation Pvt. Ltd. | -NIL- |
| Jai Prakash Srivastava, Director (E, R&D) | BHEL-GE Gas Turbine Services Pvt. Ltd. | -NIL- |
| Krishna Kumar Thakur, Director (HR) | -NIL- | -NIL- |
| Tajinder Gupta, Director (Power) | -NIL- | -NIL- |
| Ms. Bani Varma, Director (IS&P) | Raichur Power Corporation Ltd. | -NIL- |
| Ms. Arti Bhatnagar, Part-time Official Director | 1. H.M.T. Ltd. 2. India International Convention & Exhibition Centre Ltd. 3. Invest India 4. MMTC Ltd. 5. The State Trading Corporation of India Ltd. 6. India Trade Promotion Organization | Audit Committee 1. India International Convention & Exhibition Centre Ltd. (Chairperson) 2. Invest India (Chairperson) 3. MMTC Ltd. (Member) 4. India Trade Promotion Organization (Chairperson) |
| Vijay Mittal, Part-time Official Director | 1. Andrew Yule & Co Ltd. 2. Tide Water Oil Co India Ltd. 3. Tumakuru Machine Tool Park 4. Heavy Engineering Corporation Pvt. Ltd. | -NIL- |
| Dr. K. Sivaprasad, Independent Director | -NIL- | -NIL- |
| Dr. Lekhasri Samantsinghar, Independent Director | -NIL- | -NIL- |
| Ramesh Patlya Mawaskar, Independent Director | -NIL- | -NIL- |

*Only Chairmanship/ Membership of the Audit Committee and Stakeholders Relationship Committee has been considered.

[#]The Directorships/ Committee Memberships in other companies are based on the latest disclosure received from respective Directors on the Board.

No Director of the Company holds office at the same time as Director in more than twenty (20) companies. No Director of the Company is a member in more than ten (10) Committees or acts as Chairperson of more than five (5) Committees across all listed companies in which he/ she is a Director.

Disclosure of relationship between Directors inter-se: NIL

B. Details of Directorships in Listed Entities & Category of Directorship

As on March 31, 2024, the following Directors held Directorship in other listed entities, as under:

| Director's name S/ Shri | Name of Listed Entity | Category of Directorship |
|---|--|-----------------------------|
| Ms. Arti Bhatnagar, Part-time Official Director | 1. H.M.T. Ltd. 2. MMTC Ltd. 3. The State Trading Corporation of India Ltd. | Government Nominee Director |
| Vijay Mittal, Part-time Official Director | 1. Andrew Yule & Co Ltd. 2. Tide Water Oil Co India Ltd. | Government Nominee Director |

iii. No. of Board Meetings held, dates on which held

The meetings of the Board are normally held at the Company's Registered Office in New Delhi and are scheduled well in advance. The Company Secretary, in consultation with the Chairman & Managing Director, sends a written notice of each Board meeting to every Director.

The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter for discussion in agenda which is usually sent in advance. The senior management is invited to attend the Board Meetings to provide additional inputs relating to the items being discussed and/ or to give presentation to the Board, as per requirement. The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, whenever necessary.

During the year under review, the Board had fifteen meetings on the following dates:

| | | |
|-------------------------|--------------------------|-------------------------|
| (i) May 2, 2023 | (ii) May 18, 2023 | (iii) May 26, 2023 |
| (iv) June 2, 2023 | (v) July 13, 2023 | (vi) August 4, 2023 |
| (vii) August 29, 2023 | (viii) September 2, 2023 | (ix) September 18, 2023 |
| (x) October 9, 2023 | (xi) October 30, 2023 | (xii) November 8, 2023 |
| (xiii) January 23, 2024 | (xiv) February 13, 2024 | (xv) March 14, 2024 |

The Board minutes are prepared promptly after every Board meeting and circulated to all Directors for their comments, if any, and approved by the Chairperson thereafter. The approved minutes are then circulated to the departments/ groups concerned for initiating appropriate action and implementation.

iv. List of core skills/ expertise/ competence

As BHEL is a Government Company, all Directors on its Board viz., Functional Directors, Government Nominee Directors and Independent Directors are selected and appointed by the Government as per a well laid down process for each category of directors. The requirements of core skills, expertise and competence for the Board to function effectively, in context of business segment BHEL operates in, forms an integral part of the government's process of selection of these directors. Therefore, the Board of BHEL by itself does not identify any such core skills or competence required for the job as well as identification of directors for particular skill/ expertise/ competence.

v. Board's Responsibilities

The Board's mandate is to oversee the Company's strategic direction, review and monitor corporate performance, ensure regulatory compliance and safeguard the interests of the stakeholders.

vi. Independent Directors

The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of engineering, finance, management, law, public policy etc.

The Independent Directors are part of important Committees constituted by the Board such as the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and CSR Committee etc. In terms of Companies Act, 2013 and Listing Regulations, the Audit Committee and the Nomination & Remuneration Committee are chaired by an Independent Director and function within their respective defined terms of references.

Further, in line with DPE OM dated December 28, 2012 on Model Role & Responsibilities of Non-Official Directors for CPSEs, the Board had constituted a Committee of Independent Directors. The said Committee is in compliance with the requirements of Listing Regulations and the Code of Independent Directors under Companies Act, 2013.

Details regarding familiarization programme of Independent Directors are available on the website of the Company www.bhel.com at web link <https://www.bhel.com/familiarization-programme-directors> under the heading 'Familiarization Programme for Directors'.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

vii. Information placed before the Board of Directors

The agenda placed before the Board interalia includes the following: -

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Significant Capital Investment proposals.

- Short term investment of surplus funds.
- Sale of investments, subsidiaries and assets which are material in nature and not in normal course of business.
- Changes in significant accounting policies & practices and reasons for the same.
- Quarterly results for the Company and its operating divisions or business segments.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the issues of adverse exchange rate movement, if material.
- Quarterly report on compliance of various laws.
- Status of arbitration cases and major legal disputes.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment of senior officers just below the Board level.
- Details of any Joint Venture or R&D project or technical collaboration agreement requiring approval of Board of Directors.
- Significant labour problems and their proposed solutions.
- Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Action Taken Report on matters desired by the Board.
- Any contract(s) in which Director(s) are deemed to be interested.
- Disclosure of Interest by Directors about directorships and Committee positions occupied by them in other companies.
- Any other matters required to be presented to the Board either for information or approval under Listing Regulations, DPE guidelines and Secretarial Standard-1 on Meetings of the Board of Directors etc.

The Board has constituted various Committees to facilitate the smooth and efficient flow of decision making process. The minutes of all Board level committees are noted in the Board meetings. There was no instance where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, during the year under review.

viii. Selection of New Directors

As per Articles of Association of BHEL, the President of India through the Ministry of Heavy Industries, appoints the Chairman & Managing Director and Functional Directors on the Board of BHEL. Two Part-time Official Directors are nominated by the Administrative Ministry on the Board of BHEL. The President of India also appoints Part-time Non-official (Independent) Directors on the Board of BHEL.

The Independent Directors are selected by the Ministry of Heavy Industries in consultation with the Search Committee of the Department of Public Enterprises which maintains a panel of eminent personalities having wide experience in the field of Management, Finance, Engineering, Administration, Industry etc.

ix. Membership Term & Retirement Policy

The appointment of Chairman & Managing Director and Functional Directors is made for a period of five years from the date of their assumption of charge of the post, or till the date of their superannuation or until further orders, whichever is the earliest. The Part-time Official Directors continue to be on the Board of BHEL at the discretion of the Government of India. The tenure of Part-time Non-official (Independent) Directors is decided by the Administrative Ministry. Normally, an Independent Director is appointed for a period of three years.

x. Code of Conduct

BHEL has in place a Board approved 'Code of Business Conduct and Ethics for Board Members and Senior Management Personnel' in line with Clause 49 of the erstwhile Listing Agreement since 2005. The Code is revised from time to time in line with changes in the regulatory framework & business dynamics and to incorporate other relevant provisions to strengthen the Code. The extant Code is also in compliance with the Listing Regulations.

The Code encompasses:

- General Moral Imperatives;
- Specific Professional Responsibilities; and
- Specific Additional Provisions for Board Members and Senior Management Personnel.

A copy of the Code has been placed on the Company's website www.bhel.com.

xi. Charter of the Board of Directors

For the purpose of clearly defining the roles and responsibilities of the Board and individual Directors, the Board has laid down a Charter of the Board of Directors. The Charter also articulates BHEL corporate governance objectives and approach.

In line with the DPE guidelines, listing agreement and with the objective of providing the Directors a) insight into guidelines and procedures for successful discharge of their statutory duties, b) better understanding of the business environment to envision the future and develop strategies and c) need based training to meet the specific requirements of the board members, BHEL Board has approved a policy for Training of Directors. It covers both general and specific trainings more

tuned towards Company specific areas.

xii. Certificate by Company Secretary in Practice

A Company Secretary in Practice has issued a certificate to the Company (copy enclosed) that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Company by SEBI/ Ministry of Corporate Affairs or any such statutory authority.

xiii. CEO/ CFO Certification

In terms of Regulation 17(8) of the Listing Regulations, the Compliance certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting was placed before Board Level Audit Committee and the Board.

2.3 Board Level Audit Committee

i. Terms of reference

The terms of reference of the Board Level Audit Committee (BLAC) specified by the Board are in conformity with the requirements of Section 177 of the Companies Act, 2013 as well as Listing Regulations and are as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions;
 - vii. Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements and auditor's report thereon before

- submission to the board for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
 11. Valuation of undertakings or assets of the company, wherever it is necessary;
 12. Evaluation of internal financial controls and risk management systems;
 13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 15. Discussion with internal auditors of any significant findings and follow up there on;
 16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 19. To review the functioning of the Whistle Blower/ Vigil mechanism;
 20. To review the Audit paras referred to BLAC by the Internal Audit/ Board and/ or Govt. of India and to provide its suggestions/ guidance/ comments on the issues referred to it;
 21. Discussion with Statutory Auditors/ Internal Auditors periodically about internal control systems;
 22. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;

23. To seek professional advice from external sources in appropriate cases, wherever required;
24. The Audit Committee shall also review the following information:
 - i. Management discussion and analysis of financial condition and results of operations;
 - ii. Statement of significant related party transactions;
 - iii. Management letters/ letters of internal control weaknesses issued by the statutory auditors; and
 - iv. Internal audit reports relating to internal control weaknesses;
25. Carrying out any other function related to the terms of reference of the Audit Committee as prescribed under the Companies Act, SEBI Regulations and other statutory regulations.

ii. Composition of Committee, name of Members & Chairperson

The composition of the Audit Committee is in compliance with Listing Regulations and Companies Act, 2013. The Audit Committee is chaired by an Independent Director. The members of the Committee comprises professionals of repute and standing with background in commerce, finance, administration and governance.

The Audit Committee was last reconstituted w.e.f. July 13, 2023. The composition of the Audit Committee during the year comprised of the following Directors:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|---|-------------------------------|--------------------------|----------|
| | | Held during their tenure | Attended |
| Dr. K. Sivaprasad, Independent Director | Chairperson | 6 | 6 |
| Ms. Arti Bhatnagar, AS & FA, M/o Commerce & Industry, Part-time Official Director | Member | 6 | 5 |
| Dr. Lekhasri Samantsinghar, Independent Director | Member | 6 | 6 |
| Ramesh Patlya Mawaskar, Independent Director | Member (w.e.f. July 13, 2023) | 4 | 4 |

Director (Finance), Director (IS&P) and Director (E, R&D) are permanent invitees. Company Secretary acts as Secretary to the Committee.

Head of Internal Audit and representative of the Statutory Auditor may be present as invitees for the meetings of the Audit Committee. The Auditors of the Company and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the Auditor's Report but shall not have the right to vote.

iii. Meetings and Attendance

The Audit Committee had six meetings on May 26, 2023, July 13, 2023, August 4, 2023, November 8, 2023, February 13, 2024 and March 14, 2024 during the year under review. The details of attendance of each member is given in the above table.

2.4 Nomination and Remuneration Committee

i. Remuneration Policy

BHEL being a Public Sector Undertaking, the appointment and remuneration of Chairman & Managing Director/ Functional Directors are decided by the Government of India. The terms of appointment of Chairman & Managing Director/ Directors, as approved by the President of India, provide for fixation of certain perks and benefits, as per rules of BHEL. The part-time non-executive directors are not paid any remuneration except sitting fees to Independent Directors for attending meetings of the Board or Committee thereof.

ii. Terms of Reference

In line with the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the erstwhile Listing Agreement (now Listing Regulations), the Board constituted the Nomination & Remuneration Committee (NRC) w.e.f. March 30, 2015. The terms of reference of the Committee are inline with the requirements of Section 178 of the Companies Act, 2013 as well as the Listing Regulations and are as under:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees in compliance with the provisions of Act/ Listing Regulations/ DPE guidelines;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- To recommend to the Board, nomination of BHEL officials in the Boards of its subsidiaries and other government organizations which are required to be approved by the Board of BHEL before further submission to MHI;
- Oversight of the company's policy on specific remuneration packages, perquisites for Whole-time Directors including pension rights and any compensation payment, which are not fixed by the President of India;
- Approve certain perquisites for Whole-time Directors which are within the powers of Board. Review of the elements of remuneration package of individual

directors summarized under major groups, such as incentives/ benefits, bonus, stock options, pension etc.;

- Finalization of policies on perks and benefits and other related matters which are not fixed by the President of India but within the powers of Board;
- Approval of fixed component and performance linked incentives based on the performance criteria;
- Finalization of the criteria of making payments to Non-Executive Directors;
- Recommendation of fees/ compensation/ stock options, if any, to be paid/ granted, to non-executive directors, including independent directors, to the Board of Directors/ Shareholders;
- Recommendation to the board, all remuneration, in whatever form, payable to senior management;
- To decide the bonus/ variable pay pool and policy for its distribution across the executives and non-unionised supervisors;
- Carrying out any other function related to the terms of reference of the NRC as prescribed under the Companies Act, SEBI Regulations and other statutory regulations.

MCA vide Notification dated June 5, 2015 provided that Section 178 (2), (3) & (4) of the Companies Act, 2013 with regard to performance evaluation of Directors shall not apply to Government Company.

iii. Composition of Committee, name of Members & Chairperson

The composition of the Committee during the year comprised of the following Directors:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|--|-------------|--------------------------|----------|
| | | Held during their tenure | Attended |
| Dr. Lekhasri Samantsinghar, Independent Director | Chairperson | 1 | 1 |
| Vijay Mittal, JS, MHI, Part-time Official Director | Member | 1 | 1 |
| Dr. K. Sivaprasad, Independent Director | Member | 1 | 1 |

Head (HR), Corporate Office is permanent invitee. Company Secretary acts as Secretary to the Committee.

iv. Meetings and Attendance

The Nomination & Remuneration Committee had one meeting on December 6, 2023 during the year under review. The details of attendance of each member is given in the above table.

v. Details of remuneration of Functional Directors during the year 2023-24 are given below

(in ₹)

| Sl. No. | Name of the Director S/ Shri | Salary | Benefits | Other Benefits | Performance Linked Incentives | Total | Service Contract/ Notice Period Severance Fee |
|---------|--|-----------|-----------|----------------|-------------------------------|-----------|---|
| 1. | K. Sadashiv Murthy, (w.e.f. November 1, 2023) | 18,44,053 | 5,24,671 | 2,12,570 | 42,162 | 26,23,456 | ---- |
| 2. | Dr. Nalin Shinghal (upto October 31, 2023) | 77,78,713 | 7,43,491 | 6,03,414 | 57,453 | 91,83,071 | ---- |
| 3. | Jai Prakash Srivastava, Director (E, R&D) | 44,38,807 | 12,22,277 | 5,17,105 | 28,739 | 62,06,929 | Liable to retire by rotation |
| 4. | Krishna Kumar Thakur, Director (HR) (w.e.f. July 4, 2023) | 31,82,139 | 7,34,138 | 2,66,257 | - | 41,82,534 | Liable to retire by rotation |
| 5. | Tajinder Gupta, Director (Power) (w.e.f. September 20, 2023) | 27,72,126 | 6,38,600 | 17,190 | - | 34,27,917 | Liable to retire by rotation |
| 6. | Ms. Bani Varma, Director (IS&P) (w.e.f. October 9, 2023) | 26,95,499 | 6,01,946 | 15,503 | 46,723 | 33,59,671 | Liable to retire by rotation |
| 7. | Subodh Gupta (upto April 17, 2023) | 23,31,252 | 53,649 | 2,54,354 | 44,137 | 26,83,391 | ---- |
| 8. | Ms. Renuka Gera, Director (IS&P) (upto August 31, 2023) | 51,04,180 | 4,89,700 | 7,43,879 | 44,640 | 63,82,399 | ---- |
| 9. | Upinder Singh Matharu, Director (Power) (upto August 31, 2023) | 49,20,338 | 4,89,700 | 10,72,912 | 29,117 | 65,12,068 | ---- |

vi. Details of payments made to Independent Directors during the year 2023-24 are given below

(in ₹)

| Name of the Independent Director | Siting Fees | | Total |
|----------------------------------|---------------|-------------------|----------|
| | Board Meeting | Committee Meeting | |
| Dr. K. Sivaprasad | 4,50,000 | 3,00,000 | 7,50,000 |
| Dr. Lekhasri Samantsinghar | 4,20,000 | 3,00,000 | 7,20,000 |
| Ramesh Patlya Mawaskar | 3,30,000 | 2,40,000 | 5,70,000 |

During FY 2023-24, Independent Directors were entitled for sitting fee @ ₹ 30,000/- per Board Meeting and ₹ 20,000/- per Board Level Committee Meeting attended by them. Independent Directors are not entitled to stock option.

vii. Equity Shares held by Directors

None of the Directors held any equity shares in BHEL as on March 31, 2024.

The Company has not issued any stock options during the year 2023-24.

2.5 Shareholders Committees

2.5.1 Stakeholders Relationship Committee

i. Terms of Reference

The Board of Directors on May 12, 2014 reconstituted the Shareholders'/ Investors' Grievance Committee as the Stakeholders Relationship Committee (SRC), in line with the requirements of Companies Act, 2013 and erstwhile Listing Agreement (now Listing Regulations). The terms of reference of the Committee are in line with the requirements of Section 178 of the Companies Act, 2013 as well as the Listing Regulations and are as under:

1. Resolution of the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.;
2. Reviewing measures taken for effective exercise of voting rights by shareholders;
3. Reviewing adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Reviewing the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company;
5. To look into various aspects of interest of shareholders, debenture holders and other security holders;
6. Carrying out any other function related to the terms of

reference of the Committee as prescribed under the Companies Act, SEBI Regulations and other statutory regulations.

ii. Composition of Committee, name of Members & Chairperson

The Stakeholders Relationship Committee was last reconstituted w.e.f. July 13, 2023. The composition of the Committee during the year comprised of the following Directors:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|---|-------------------------------|--------------------------|----------|
| | | Held during their tenure | Attended |
| Dr. K. Sivaprasad, Independent Director | Chairperson | 4 | 4 |
| Ms. Arti Bhatnagar, AS & FA, M/o Commerce & Industry, Part-time Official Director | Member (upto July 13, 2023) | 1 | 0 |
| Ramesh Patlya Mawaskar, Independent Director | Member (w.e.f. July 13, 2023) | 3 | 3 |
| Director (Finance) | Member (upto July 13, 2023) | 1 | 1 |
| Director (IS&P) | Member | 4 | 4 |

Chief Investor Relationship Officer (CIRO) is permanent invitee. Company Secretary acts as Secretary to the Committee.

Shri Rajeev Kalra, Company Secretary was the Compliance Officer in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 upto July 10, 2024. subsequently, Dr. Yogesh R Chhabra has been appointed as Company Secretary & Compliance Officer in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 w.e.f. July 11, 2024 consequent to the relinquishment of charge by Shri Rajeev Kalra.

iii. Meetings and Attendance

The Committee had four meetings on May 26, 2023, August 4, 2023, October 19, 2023 and January 23, 2024 during the year under review. The details of attendance of each member is given in the above table.

Detail of shareholders' complaints

As reported by Alankit Assignments Limited (RTA) to SEBI, 8 complaints were received from the shareholders during the year under review and all complaints were redressed up to March 31, 2024. No complaint was pending at the end of the period under report.

2.5.2 Share Transfer Committee

The Share Transfer Committee was constituted by the Board of Directors on March 25, 1992. Subsequently, the Board of Directors revised the terms of reference of the Committee w.e.f. August 1, 2014. The Share Transfer Committee considers

and approves share related matters pertaining to transposition, sub-division, consolidation, issue of duplicate share certificate etc., in physical mode. The Share Transfer Committee was last reconstituted w.e.f. September 2, 2023 with Director (E, R&D) as Chairperson along with Director (HR) and Director (IS&P) as Members.

Meetings during 2023-24

The Share Transfer Committee had twelve meetings during the year. The minutes of the Share Transfer Committee meetings are periodically placed before the Board of Directors.

2.6 Board Level Committee for Corporate Social Responsibility

i. Terms of Reference

Pursuant to the DPE Guidelines on Corporate Social Responsibility for CPSEs, the Board constituted the Board Level Apex Committee for CSR on November 25, 2010 for proper & periodic monitoring of CSR activities. The Committee is presently christened as the Board Level Committee for Corporate Social Responsibility. In line with Section 135 of the Companies Act, 2013, the terms of reference of the Committee are as under:

1. Formulation and recommendation to the Board the Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII to the Companies Act, 2013;
2. Recommendation of the Projects, Programs and amount of expenditure to be incurred on the activities referred to in clause (1);
3. Monitoring the Corporate Social Responsibility activities of the Company from time to time;
4. Ensuring compliance with guidelines on Corporate Social Responsibility and Sustainable Development issued by the Government of India from time to time.

ii. Composition of Committee, name of Members & Chairperson

The composition of the Committee during the year comprised of the following Directors:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|---|-------------|--------------------------|----------|
| | | Held during their tenure | Attended |
| Dr. K. Sivaprasad, Independent Director | Chairperson | 1 | 1 |
| Director (Finance) | Member | 1 | 1 |
| Director (HR) | Member | 1 | 1 |

Head (CSR), Corporate Office is permanent invitee. Company Secretary acts as Secretary to the Committee.

iii. Meetings and Attendance

The Committee had one meeting on July 7, 2023 during the year under review. The details of attendance of each member is given in the above table.

2.7 HR Committee

i. Terms of Reference

The Board constituted the HR Committee on May 31, 2006 specifically to look into the following matters:

- Review of present policies with respect to promotion and reward/ incentive to the Executives.
- Suggest both short term and long term changes in the policies to prepare BHEL for the changed/ emerging business environment.

ii. Composition of Committee, name of Members & Chairperson

The Committee was last reconstituted w.e.f. July 13, 2023. The composition of the Committee during the year comprised of the following Directors:

| Name of the Director S/Shri | Position |
|--|-------------------------------|
| Dr. Lekhasri Samantsinghar, Independent Director | Chairperson |
| Ramesh Patlya Mawaskar, Independent Director | Member (w.e.f. July 13, 2023) |
| Director (IS&P) | Member |
| Director (E,R&D) | Member |
| Director (HR) | Member |

Head (HR), Corporate Office is permanent invitee. Company Secretary acts as Secretary to the Committee.

iii. Meetings and Attendance

No meeting of the HR Committee took place during the year.

2.8 Committee of Independent Directors

i. Terms of Reference

The Board, in line with DPE OM dated December 28, 2012 on Model Role & Responsibilities of Non-Official Directors for CPSEs, constituted a Committee of Independent Directors, which is also in compliance with the requirements of Schedule IV of the Companies Act, 2013 and Listing Regulations.

ii. Composition of Committee, name of Members & Chairperson

The composition of the Committee during the year comprised of the following Directors:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|--|---|--------------------------|----------|
| | | Held during their tenure | Attended |
| Dr. K. Sivaprasad | Chairperson & Lead Independent Director | 1 | 1 |
| Dr. Lekhasri Samantsinghar | Member | 1 | 1 |
| Ramesh Patlya Mawaskar (w.e.f. June 8, 2023) | Member | 1 | 1 |

iii. Meetings and Attendance

The Committee had one meeting on January 23, 2024 during the year under review. The details of attendance of each member is given in the above table.

2.9 Board Level Risk Management Committee

i. Terms of Reference

In line with erstwhile Listing Agreement (now SEBI Listing Regulations), the Board of Directors on November 14, 2014 constituted the Board Level Risk Management Committee. The terms of reference of the Board Level Risk Management Committee is in line with the requirements of Listing Regulations and are as under:

- To formulate a detailed risk management policy which shall include (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee, (b) Measures for risk mitigation including systems and processes for internal control of identified risks, (c) Business continuity plan;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- To seek information from any employees, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;
- Carrying out any other function related to the terms of reference of the Committee as prescribed under the Companies Act, SEBI Regulations and other statutory regulations.

ii. Composition of Committee, name of Members & Chairperson

The composition of the Committee during the year comprised of the following members:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|---|-------------------|--------------------------|----------|
| | | Held during their tenure | Attended |
| Ms. Arti Bhatnagar, AS & FA, M/o Commerce & Industry, Part-time Official Director | Chairperson | 2 | 2 |
| Dr. K. Sivaprasad, Independent Director | Member | 2 | 2 |
| Dr. Lekhasri Samantsinghar, Independent Director | Member | 2 | 2 |
| Director (Finance) # | Member | 2 | 2 |
| Director (IS&P) | Member | 2 | 2 |
| Director (Power) | Member | 2 | 2 |
| Director (E, R&D) # | Member | 2 | 2 |
| Director (HR) | Member | 2 | 2 |
| Chairman, Risk Management Steering Committee | Member | 2 | 2 |
| Chief Risk Officer | Member & Convener | 2 | 2 |

During these meetings Director (E, R&D) was holding additional charge of the post of Director (Finance)

iii. Meetings and Attendance

The Committee had two meetings on July 7, 2023 and December 27, 2023 during the year under review. The details of attendance of each member is given in the above table.

2.10 Board Level Project Review Committee

i. Terms of Reference

The terms of reference of the Board Level Project Review Committee is as under:

- The Committee shall review the status of all projects with contract value of ₹ 500 Crores and above;
- The Committee shall review the periodical status of the debtors.

ii. Composition of Committee, name of Members & Chairperson

The Committee was last reconstituted w.e.f. July 13, 2023. The composition of the Committee during the year comprised of the following Directors:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|--|-------------------------------|--------------------------|----------|
| | | Held during their tenure | Attended |
| Vijay Mittal, JS, MHI, Part-time Official Director | Chairperson | 2 | 2 |
| Dr. Lekhasri Samantsinghar, Independent Director | Member | 2 | 2 |
| Ramesh Patlya Mawaskar, Independent Director | Member (w.e.f. July 13, 2023) | 2 | 2 |
| Director (IS&P) | Member | 2 | 2 |
| Director (Power) | Member | 2 | 2 |

Head (PS-Project Management) & Head (Receivable Management) are Convener of the Committee for the respective agenda. Director (Finance) is invitee to the meetings of the Committee. Heads of respective Business Sectors are invited as and when required. Company Secretary acts as Secretary to the Committee.

iii. Meetings and Attendance

The Committee had two meetings on August 4, 2023 and March 14, 2024 during the year under review. The details of attendance of each member is given in the above table.

2.11 Committee on Arbitration & Major Legal Disputes and Alternative Dispute Resolution

i. Terms of Reference

The terms of reference of the Committee is to review the arbitration cases as well as major legal disputes and thereafter apprise the Board accordingly and to act as the Competent Authority for accepting/ rejecting the draft settlement agreement under the BHEL Conciliation Scheme, 2018.

ii. Composition of Committee, name of Members & Chairperson

The Committee was last reconstituted w.e.f. July 13, 2023. The composition of the Committee during the year comprised of the following Directors:

| Name of the Director S/ Shri | Position | No. of Meetings | |
|--|-------------------------------|--------------------------|----------|
| | | Held during their tenure | Attended |
| Dr. Lekhasri Samantsinghar, Independent Director | Chairperson | 3 | 3 |
| Vijay Mittal, JS, MHI, Part-time Official Director | Member | 3 | 2 |
| Ramesh Patlya Mawaskar, Independent Director | Member (w.e.f. July 13, 2023) | 2 | 2 |
| Director (IS&P) | Member | 3 | 3 |
| Director (Power) | Member | 3 | 3 |
| Director (E, R&D) | Member (upto July 13, 2023) | 1 | 1 |
| Director (HR) | Member | 3 | 3 |

Head-Law, Corporate Office is convener of the Committee and furnishes the required information for review by the Committee. Head (HR), Corporate Office is permanent invitee.

iii. Meetings and Attendances

The Committee had three meetings on July 7, 2023, October 19, 2023 and March 14, 2024 during the year under review. The details of attendance of each member is given in the above table.

2.12 Particulars of senior management personnel (Executive Director- One level below Functional Directors) including the changes therein since closure of the previous financial year

Senior Management Personnel in BHEL as on March 31, 2024 for the purpose Regulation 16 (1) (d) of the SEBI Listing Regulations, 2015 comprise of the following employees:

| Name (S/Shri) | Name (S/Shri) |
|----------------------|--------------------|
| M Arunmozhi Devan* | Jitendra Das* |
| Isadore Mariapron | K Ashok* |
| Anil Jain* | Y Srinivasa Rao* |
| Rahul Bansal* | R P S Sisodia* |
| Atok Kumar Singhal* | Pankaj Rastogi* |
| Rajesh Kohli* | Praveen Kishore |
| Rajeev Kumar Gupta* | Navin Saxena* |
| C Venkat Rao* | V J Rajasundar* |
| Rajeev Singh | Akhil Mehrotra* |
| B Shyam Babu* | S D Goswami* |
| T S Murali | Sanjeev Kumar Roy* |
| S M Ramanathan* | K Ravishankar* |
| K Bharaneedhar Raja* | Vinay Kumar Bassi* |
| S Jithender Reddy* | Vinay Nigam |
| S Prabhakar* | Rajeev Kalra |
| Sanjay Goel* | |

* promoted as Executive Directors of the Company on November 24, 2023

2.13 Senior Management Personnel (Executive Director- One level below Functional Directors) of the Company superannuated during FY 2023-24 as under:

| Sl. No | Name (S/ Shri) | Date of Superannuation |
|--------|--------------------------|------------------------|
| 1 | Sanjeev Kumar Kak | May 24, 2023 |
| 2 | S V Srinivasan | May 24, 2023 |
| 3 | Meena Kesri | May 24, 2023 |
| 4 | Sushil Kumar Baveja | August 24, 2023 |
| 5 | T S Varadarajan | August 24, 2023 |
| 6 | G Murali | August 24, 2023 |
| 7 | Shakil Kumar Manocha | August 24, 2023 |
| 8 | Anil Joshi | October 24, 2023 |
| 9 | Pankaj Gupta | November 24, 2023 |
| 10 | Amit Kerketta* | December 24, 2023 |
| 11 | Pravin Chandra Jha | January 24, 2024 |
| 12 | Pushpendra Kumar Saxena* | February 24, 2024 |
| 13 | S B Naithani | March 24, 2024 |

* promoted as Executive Directors of the Company on November 24, 2023

Shri K. Sadashiv Murthy, CMD with additional charge of Director (Finance) has been designated as Chief Financial Officer (CFO) of the Company w.e.f. April 25, 2024 in place of Shri Jai Prakash Srivastava, Director (E, R&D) who had been earlier designated as CFO w.e.f. May 26, 2023.

2.14 General Meetings

i. Location and time of last three AGMs:

| Year | Location | Date | Time |
|-----------------------------------|--|--------------------|------------|
| FY 2020-21 (57 th AGM) | Meeting was held through video-conferencing. Deemed venue was Registered Office of the Company | September 23, 2021 | 10.00 a.m. |
| FY 2021-22 (58 th AGM) | | September 29, 2022 | 10.00 a.m. |
| FY 2022-23 (59 th AGM) | | August 24, 2023 | 10.00 a.m. |

ii. Details of Special Resolutions passed in previous three AGMs

In line with the provisions of Regulation 25(2A) of the SEBI Listing Regulations, Special Resolutions were passed in the 58th Annual General Meeting held on September 29, 2022 for appointment of Dr. Raj K. Agarwal, Dr. K. Sivaprasad and Dr. Lekhasri Samantsinghar as Independent Directors and thereafter in the 59th Annual General Meeting held on August 24, 2023 for appointment of Shri Ramesh Patlya Mawaskar as Independent Director of the Company.

iii. Postal Ballot

No special resolutions were passed through postal ballot in the previous year. Presently there is no proposal for passing any special resolution through postal ballot during FY 2024-25.

2.15 Disclosures

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large

The Company has not entered into any materially significant related party transactions (RPTs) that may have potential conflict with the interests of the Company at large. Nonetheless, transactions with related parties have been disclosed in Notes to the financial statements 2023-24 in the Annual Report.

The Company's policy determining Material Subsidiaries and policy dealing with Related Party Transactions is available at

https://www.bhel.com/sites/default/files/Policy%20on%20RPTs%20wef%2001042022_0.pdf

ii. Non-compliances, penalties & strictures imposed on the Company related to capital markets during the last three years

There were no cases of non-compliance by the Company on any matter related to capital markets during the last three

years and no penalties/ strictures were enforced on the Company by Stock Exchanges/ SEBI or any other statutory authority on any matter related to capital market.

However, the Company has been receiving notices from NSE as well as BSE imposing fine for non-compliance with the provision of Regulation 17 (1) of the SEBI Listing Regulations regarding composition of Board as number of Independent Directors are less than the minimum number prescribed. In response to the notices, the Company clarified to the Exchanges that the shortfall in Independent Directors was not due to any negligence/ default of the Company, as the appointment is not within its control. In view thereof, the Company has requested the Exchanges to waive-off the fine under their carve-out policies and pursuant to these submissions both the Exchanges have communicated that BHEL's request for waiver of the fines levied for the quarters upto 31.12.2021, has been approved. The matter of appointment of Independent Directors is under process with the Government of India. During FY 2022-23, the Company also received notices from NSE and BSE imposing fine for non-compliance with Regulation 57(1) of the SEBI Listing Regulations regarding delay in filing of intimation about redemption obligation of Commercial Paper during COVID in January, 2021. Based on the representation of the Company seeking waiver of fine considering exceptional COVID times, the Stock Exchanges waived the fine levied.

iii. Vigil Mechanism/Whistle Blower Policy

In pursuance of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises and Clause 49 of the Listing Agreement between listed Companies & the Stock Exchanges and Section 177 of the Companies Act, 2013, the Whistle Blower Policy was duly approved by the Board of Directors in its 464th meeting held on August 12, 2014. The policy is also in line with Listing Regulations. Subsequent to this, a Circular notifying the Whistle Blower Policy and informing the contact details of the Competent Authority and of Chairman, Audit Committee was issued for the notice of all employees.

A copy of the Whistle Blower Policy has also been placed on the website of the Company www.bhel.com for wide publicity. Changes in address, contact number(s) and email address of the Competent Authority and Chairman, Audit Committee are being notified from time to time.

The complaints received from whistle blowers are being dealt with as per provisions of Whistle Blower Policy of the Company. All employees have access to the mechanism provided under policy for making a complaint.

iv. Compliance with the requirements of DPE Guidelines on Corporate Governance, compliance with mandatory requirements and adoption of the non-mandatory Corporate Governance requirements of Listing Regulations

All mandatory requirements of the DPE Guidelines on Corporate Governance for CPSEs and SEBI (Listing Obligations & Disclosure Requirements), 2015 have been duly complied with by the Company as on March 31, 2024. With regard to non-mandatory requirements under the Listing Regulations,

BHEL is already in the regime of financial statements with unmodified audit opinion.

No expenditure has been debited in books of accounts which is not for the purpose of business and no expenses incurred & accounted which are personal in nature and incurred for the Board of Directors & Top Management. The other expenses (including administrative, and other miscellaneous expenses) as a % age of total expenses have been curtailed to 6.32%.

v. Presidential Directives

No Presidential Directive was received during the last three years i.e. 2021-22, 2022-23 and 2023-24.

vi. Risk Management

In compliance of SEBI Regulations, 2015 & amendments thereof and DPE guidelines on Corporate Governance for CPSEs, BHEL has in place a Board approved Risk Management Charter & Policy, laying down procedures to inform Board members about the risk assessment, minimization and mitigation. An important purpose of the Charter is to implement a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review & monitoring. Details are in Section 1.15 of 'Risks and Concerns'.

vii. Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The information on disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 is part of Board's Report and is available as Annexure-I to Section 1.12.5.2 'Safeguard of Women at Workplace'.

viii. Utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

NIL

ix. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part

Total fees for all services paid to the statutory auditors and branch auditors are disclosed in Note to the financial statements. The auditors of joint venture companies are appointed separately by them and are not the same auditors who are conducting audit of financial statements of BHEL.

x. Loans and advances to firms/companies in which directors are interested

NIL

xi. Details of material subsidiaries of the listed entity & statutory auditors thereof

Not Applicable

xii. Compliance Certificate on Corporate Governance

Compliance Certificate on Corporate Governance is enclosed.



2.16 Means of Communication

Inline with the Listing Regulations, the Company issues a notice in advance, to the Stock Exchanges, of the Board Meetings in which the unaudited/ audited financial results are due for consideration. Further, the said results are intimated immediately to the Stock Exchanges, after they are taken on record/ approved. These approved financial results are published within 48 hours of conclusion of the Board Meeting in at least one English daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the Company is situated and also uploaded on the Company's website (www.bhel.com). Other information pertaining to shareholders viz., changes in directorship, details of unpaid dividend, Annual Reports etc., are also displayed on the Company's website. Official news releases including important events like receipt of major orders, major projects commissioned, important collaborations, other material events etc., are posted on the website of the Company and simultaneously sent to the Stock Exchanges. Detailed result documents & supplementary information/ presentations are uploaded post quarterly financial result declaration on the stock exchange websites as well as on company's website. Further, BHEL engages investors via multiple virtual meetings, face to face interactions and investor conferences. Information, latest updates and announcement regarding the company can be accessed at BHEL Corporate website (www.bhel.com) under 'Investor Relations' section.

In compliance with Regulation 46 of the SEBI Listing Regulations, the Company disseminates on its website information which interalia contains, details regarding composition of various committees of the Board of Directors, code of conduct, policy dealing with RPTs, contact information of the designated officials of the Company responsible for assisting and handling investor grievances etc.

In pursuance of the "Green Initiatives" of the Ministry of Corporate Affairs, Government of India, the Company sends the Annual Report and the Notice convening the Annual General Meeting through email to those shareholders who have registered their email ids with the Depository Participants/ RTA and have not opted for a physical copy of the Annual Report. For continued success of this initiative, shareholders are requested to register their email ids with their Depository Participants/ RTA.

2.17 General Shareholder Information

| | AGM Date | Time | Venue |
|------|-----------------------|----------------------------------|--|
| i. | August 22, 2024 | 10:00 AM | The Company is conducting meeting through VC pursuant to the MCA Circular dated September 25, 2023 read with MCA Circular dated May 5, 2020. The deemed venue for the AGM shall be the registered office of the Company. For details please refer to the Notice of this AGM. |
| ii. | Financial year | April 01, 2023 to March 31, 2024 | |
| iii. | Record Date | Friday, August 09, 2024 | |
| iv. | Dividend payment date | On or before September 20, 2024 | |

The annual return is available at <https://www.bhel.com/agm-related>

v. Dividend History:

The details of dividend paid by BHEL (and not due for transfer to Investor Education Protection Fund) are summarized as under:

| Year | Rate of Dividend | Total Amount of Dividend Paid (₹ in Crores) | Date on which Dividend was Declared |
|------------------------|------------------|--|-------------------------------------|
| 2016-2017 (Final) | 39% | 190.92 | 22.09.2017 |
| 2017-2018 (Interim) | 40% | 293.72 | 08.02.2018* |
| 2017-2018 (Final) | 51% | 374.48 | 19.09.2018 |
| 2018-2019 (Interim) | 40% | 278.57 | 05.02.2019* |
| 2018-2019 (Final) | 60% | 417.85 | 19.09.2019 |
| 2021-2022 (Final) | 20% | 139.28 | 29.09.2022 |
| 2022-2023 (Final) | 20% | 139.28 | 24.08.2023 |
| 2023-2024 (Final) | 12.5% | 87.05 | ** |

* Date of meeting of Board of Directors in which interim dividend was declared.

** The Board in its meeting held on May 21, 2024 recommended final dividend for FY 2023-24, subject to approval of shareholders in AGM.

Note:

- During FY 2017-18, the Company allotted Bonus equity shares to its Shareholders on 03.10.2017 in the ratio of 1:2 i.e. one fully paid up new Bonus equity share of ₹ 2 each for every two fully paid up equity shares. Consequently, the total number of shares increased from 244.76 Crores to 367.14 Crores.

- During FY 2018-19, the Company made Buy Back of 18,93,36,645 fully paid up equity shares representing 5.16% of the total issued and paid-up equity share capital of the Company from its shareholders as on the record date (i.e. Tuesday, November 06, 2018), on a proportionate basis, through the "Tender Offer" process at a price of ₹86 per equity share payable in cash for an aggregate consideration of ₹1,628.30 Crores. Consequently, the total number of shares have decreased from 367.14 Crores to 348.21 Crores.
- In case a shareholder has not claimed/received dividend for any of the last seven years and the same has not yet been transferred to the Investor Education & Protection Fund (IEPF), he/ she can claim this unpaid dividend by following the procedure uploaded on the Company's website (www.bhel.com). Unclaimed dividend for the year 2015-16 (Final) and 2016-17 (Interim) have already been transferred to IEPF during the year 2023-24. Further, unclaimed dividends for the year 2016-17 (Final) and 2017-18 (Interim) are due for transfer to IEPF on 22.10.2024 and 09.03.2025 respectively. The unclaimed sale proceeds of fractional shares pertaining to issuance of Bonus shares in the year 2017, is also due for transfer to IEPF on 01.11.2024.
- In respect of dividend/shares which have been transferred to IEPF, shareholders can claim the same from IEPF authority by following the procedure prescribed under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. These Rules are available on the website of IEPF (www.iepf.gov.in) and company's website (www.bhel.com).

vi. a) Listing on Stock Exchanges and Stock Code

BHEL's equity shares are listed on the following Stock Exchanges for which listing fees for FY 2023-24 has been paid:

| Name of the Stock Exchange | Stock Code |
|--|------------|
| 1. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | 500103 |
| 2. National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, Block - G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 | BHEL |

In addition, the Commercial Papers issued by the Company are also listed on the BSE & NSE.

b) Payment of Annual Custodian Fee to Depositories

The Annual Custodian fee has been paid to NSDL and CDSL for the financial year 2023-24.

vii. The High, Low, Close & Volume of BHEL shares and market index during each month in the financial year 2023-24 at BSE & NSE are indicated below:

| Market Price Data: High, Low, Close during each month in the financial year 2023-24 | | | | | | | | | | |
|---|--------|--------|--------|--------------------------|--------|--------|--------|--------------------------|----------------------|-----------|
| Months | BSE | | | | NSE | | | | Market Index (Close) | |
| | High | Low | Close | Volume | High | Low | Close | Volume | S&P BSE SENSEX | NSE NIFTY |
| | (in ₹) | | | (No. of shares in crore) | (in ₹) | | | (No. of shares in crore) | | |
| Apr-23 | 78.60 | 67.63 | 78.36 | 1.89 | 78.65 | 67.60 | 78.40 | 31.61 | 61112.44 | 18065.00 |
| May-23 | 87.90 | 77.30 | 81.85 | 4.98 | 87.95 | 77.25 | 81.90 | 57.84 | 62622.24 | 18534.40 |
| Jun-23 | 90.05 | 81.80 | 87.69 | 2.67 | 90.15 | 81.80 | 87.65 | 41.47 | 64718.56 | 19189.05 |
| Jul-23 | 105.40 | 86.65 | 104.07 | 3.66 | 105.45 | 86.65 | 104.05 | 60.59 | 66527.67 | 19753.80 |
| Aug-23 | 122.00 | 94.80 | 121.30 | 5.33 | 122.00 | 94.80 | 121.25 | 78.55 | 64831.41 | 19253.80 |
| Sep-23 | 148.95 | 121.35 | 130.95 | 7.27 | 148.90 | 121.40 | 131.00 | 103.98 | 65828.41 | 19638.30 |
| Oct-23 | 133.70 | 113.50 | 120.90 | 2.37 | 133.75 | 113.50 | 120.85 | 36.43 | 63874.93 | 19079.60 |
| Nov-23 | 176.50 | 120.70 | 170.45 | 5.36 | 176.50 | 120.70 | 170.45 | 74.90 | 66988.44 | 20133.15 |
| Dec-23 | 199.70 | 166.00 | 193.45 | 5.58 | 199.70 | 165.80 | 193.55 | 64.67 | 72240.26 | 21731.40 |
| Jan-24 | 234.40 | 191.90 | 228.25 | 7.19 | 234.45 | 191.85 | 228.25 | 92.60 | 71752.11 | 21725.70 |
| Feb-24 | 243.30 | 201.50 | 227.45 | 5.29 | 243.25 | 201.35 | 227.55 | 71.60 | 72500.30 | 21982.80 |
| Mar-24 | 271.90 | 207.20 | 247.20 | 4.17 | 275.85 | 207.10 | 247.30 | 83.11 | 73651.35 | 22326.90 |

Source: www.bseindia.com / www.nseindia.com

viii. Policy on Insider Trading

BHEL endeavours to preserve the confidentiality of unpublished price sensitive information and to prevent misuse of such information. For this purpose and in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company had adopted "Code of Conduct for Prevention of Insider Trading" on 26th August, 2002 which was subsequently revised w.e.f. 29th January, 2009.

The Board, in its 469th meeting held on 6th April, 2015, approved the "Code of Conduct for Regulating & Reporting Trading by Insiders and for Fair Disclosure, 2015" in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. In pursuance to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board had also approved the revised BHEL Code of Conduct for Regulating & Reporting Trading by Designated Persons & their Immediate Relatives and for Fair Disclosure effective from 01.04.2019. The objective of the Code is to regulate, monitor and report trading by Designated Persons and Immediate Relatives of Designated Persons towards achieving compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code also provides for practices and procedures for fair disclosure of Unpublished Price Sensitive Information. Head-Corporate Strategic Management Department is the Chief Investor Relations Officer of the company under this code.

ix. (A) Registrar & Share Transfer Agent for Equity Shares (RTA)

The Company has appointed M/s Alankit Assignments Limited as its Registrar and Share Transfer Agent (RTA) for handling all matters relating to the equity shares of BHEL (both physical as well as demat mode). All matters relating to the equity shares of the Company such as consolidation, loss of share certificates, transmission, dematerialization, dividend, change of address, etc., and related correspondence and queries may be addressed to: -

M/s Alankit Assignments Limited

Unit: Bharat Heavy Electricals Limited
4E/2, Alankit House, Jhandewalan Extension,
New Delhi-110055
Tel No.: 011-42541234
Fax No.: 011-23552001
Email: rta@alankit.com
Website: www.alankit.com

(B) Registrar & Share Transfer Agent for Commercial Papers:

M/s KFIN Technologies Limited

Selenium Building, Tower-B,
Plot No 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddy, Telangana - 500 032
Toll Free No.: 1800 309 4001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

RTA's performance in servicing shareholders has been satisfactory. All the investor grievances have been promptly attended to.

x. Share Transfer System

All share transfer activities under physical segment like receipt/dispatch of documents and their verification are being carried out by M/s Alankit Assignments Limited. As per SEBI (Listing Obligations and Disclosure Requirements (Fourth Amendment) Regulations, 2018, w.e.f. 01.04.2019, requests for effecting transfer (except in case of transmission or transposition) of securities shall not be processed unless the securities are held in the dematerialized form. In line with Listing Regulations, share certificates/letter of confirmations are being issued within the timeline prescribed for transmission, transposition, sub-division and consolidation.

xi. Distribution of Shareholding

a. Distribution of shares according to size of holding as on March 31, 2024

| No. of equity share(s) held | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholding |
|-----------------------------|---------------------|-------------------|-------------------|-------------------|
| 1 - 500 | 1404817 | 91.54 | 114249621 | 3.28 |
| 501 - 1000 | 67462 | 4.40 | 53007607 | 1.52 |
| 1001 - 2000 | 35310 | 2.30 | 52043571 | 1.49 |
| 2001 - 3000 | 10641 | 0.69 | 27255162 | 0.78 |
| 3001 - 4000 | 4266 | 0.28 | 15255893 | 0.44 |
| 4001 - 5000 | 3364 | 0.22 | 15856312 | 0.46 |
| 5001 - 10000 | 4990 | 0.33 | 36695874 | 1.05 |
| 10001 & above | 3726 | 0.24 | 3167699315 | 90.98 |
| Total | 1534576 | 100.00 | 3482063355 | 100.00 |

b. Shareholding Pattern as on March 31, 2024

| Category | 2024 | | 2023 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | Voting strength (%) | No. of Shares held | Voting strength (%) | No. of Shares held |
| Promoters Holding | | | | |
| Indian Promoters- | | | | |
| President of India (POI) | 63.17 | 2199650402 | 63.17 | 2199650402 |
| Total Promoter holding | 63.17 | 2199650402 | 63.17 | 2199650402 |
| Non-promoters Holding | | | | |
| Banks, Financial Institutions, Insurance Companies, Qualified Institutional Buyers, Alternative Investment Fund | 10.26 | 357584062 | 11.50 | 400542743 |
| Foreign Institutional Investors (including Qualified Foreign Investor) | 8.75 | 304940320 | 8.58 | 298734941 |
| Mutual Funds and UTI | 5.75 | 200053800 | 4.02 | 139820242 |
| Others | | | | |
| Individuals, HUF, Employees | 10.70 | 372317681 | 11.48 | 399645637 |
| Bodies Corporate | 0.63 | 21908106 | 0.65 | 22462202 |
| NRIs & Foreign National/ Entity | 0.50 | 17368702 | 0.51 | 17837995 |
| Trust | 0.03 | 1077273 | 0.01 | 300464 |
| Clearing Members | 0.19 | 6607282 | 0.07 | 2559156 |
| IEPF | 0.02 | 554027 | 0.01 | 494773 |
| Directors & Relatives | 0 | 200 | 0 | 300 |
| State Govt. | 0 | 1500 | 0 | 14500 |
| Total Non-promoter holding | 36.83 | 1282412953 | 36.83 | 1282412953 |
| Grand Total | 100 | 3482063355 | 100 | 3482063355 |

c. List of shareholders who are holding more than 1% of the shares of the Company as on March 31, 2024

| Category & Shareholder's Name | March 31, 2024 | |
|-------------------------------------|-----------------|--------------------|
| | Voting strength | No. of shares held |
| Promoters | | |
| President of India | 63.17 | 2199650402 |
| Non-promoters | | |
| Life Insurance Corporation of India | 8.18 | 284734170 |

xii. Dematerialisation of shares and liquidity

In accordance with the directions of the Securities & Exchange Board of India (SEBI), trading in BHEL shares by all categories of investors in demat form has been made compulsory w.e.f. 5th April, 1999. BHEL has executed agreement with both the depositories of the country i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for admission of its securities under demat mode. As on 31st March, 2024, 99.98% (NSDL: 93.95%, CDSL: 6.03%) of the total equity share capital of BHEL is being held in demat mode by the shareholders. Shares held in physical mode by the shareholders are 0.02%. Shareholding of Hon'ble President of India (being the Promoter of the Company holding 63.17% of the paid-up share capital of

the Company) is also held in dematerialized form. The International Securities Identification Number (ISIN) allotted to the Company is INE257A01026.

xiii. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity

NIL

xiv. List of Credit Ratings received during the current FY 2023-24 is disclosed in the main report of the Board of Directors.
xv. Foreign Exchange risk or Commodity price risk and hedging activities

Hedging activities/ transactions during the financial year 2023-24 are in line with the Board approved Foreign Exchange Risk Management Policy.

Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

- Total exposure of the listed entity to commodities in INR: ₹2,651 crore (approx.)
- Exposure of the listed entity to various commodities:

| Commodity Name | Exposure in INR towards the particular commodity (in ₹ Crores) (approx.) | Exposure in Quantity terms towards the particular commodity (in MT) (approx.) | % of such exposure hedged through commodity derivatives | | | | |
|----------------|--|---|---|----------|----------------------|----------|-------|
| | | | Domestic market | | International market | | Total |
| | | | OTC | Exchange | OTC | Exchange | |
| Steel | 2040 | 271883 | | | - | | |
| Copper | 496 | 5679 | | | - | | |
| Aluminium | 88 | 2963 | | | - | | |
| Nickel | 21 | 120 | | | - | | |
| Tin | 6 | 24 | | | - | | |

c) Major Industrial commodities like Steel, Copper, Aluminium etc. are being procured centrally by one of the identified Units by bulking the requirements of various BHEL Units, to the extent possible, to derive price advantage. To insulate the Company against price fluctuations, Framework Agreements with suitable PVC are finalized periodically. Further, a Unified Procurement Cell (UPC) has been created in January, 2024, which will address all aspects for bringing down the procurement costs for commodities.

xvi. Plant locations

| BHEL Manufacturing Units | |
|--------------------------|---|
| Bengaluru | 1. Electronics Division (EDN) |
| | 2. Electronics Systems Division (ESD) |
| | 3. Solar Business Division (SBD) |
| Bhopal | 4. Heavy Electrical Plant (HEP) |
| Goindwal | 5. Industrial Valves Plant (IVP) |
| Haridwar | 6. Heavy Electrical Equipment Plant (HEEP) |
| | 7. Central Foundry Forge Plant (CFFP) |
| Hyderabad | 8. Heavy Power Equipment Plant (HPEP) |
| Jagdishpur | 9. Fabrication, Stamping & Insulator Plant (FSIP) |
| Jhansi | 10. Transformer Plant (TP) |
| Rudrapur | 11. Component Fabrication Plant (CFP) |
| Ranipet | 12. Boiler Auxiliaries Plant (BAP) |
| Tiruchirappalli | 13. High Pressure Boiler Plant (HPBP) |
| | 14. Seamless Steel Tube Plant (SSTP) |
| Thirumayam | 15. Power Plant Piping Unit (PPPU) |
| Visakhapatnam | 16. Heavy Plates & Vessels Plant (HPVP) |
| BHEL- Repair Units | |
| Mumbai | 1. Electrical Machine Repair Plant (EMRP) |
| Varanasi | 2. Heavy Equipment Repair Plant (HERP) |

xvii. Address for correspondence

Shareholders can send their queries and any other correspondence relating to the shares of the Company either to:

M/S Alankit Assignments Limited

UNIT: BHEL

4E/2, Alankit House
Jhandewalan Extension
New Delhi – 110055
Phone: 011-42541234
Fax: 011-23552001
Email: rta@alankit.com

OR

Dr. Yogesh R Chhabra
Company Secretary
BHEL Regd. Office:
BHEL House, Siri Fort,
New Delhi – 110 049
Phone: 011-26001046
Email: shareholderquery@bhel.in

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

Declaration: Pursuant to Listing Regulations, it is hereby declared that all the Board members and Senior Management personnel have affirmed compliance with BHEL's "Code of Business Conduct and Ethics" for the financial year 2023-24.

For and on behalf of the Board of Directors of
BHARAT HEAVY ELECTRICALS LTD.



K. Sadashiv Murthy
Chairman & Managing Director

Place: New Delhi
Date: July 27, 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
 (pursuant to Regulation 34(3) and Schedule V Para C clause 10(i) of the
 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
 The Members of
Bharat Heavy Electricals Limited
 BHEL House, Siri Fort, New Delhi-110049

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Bharat Heavy Electricals Limited** having CIN: L74899DL1964GOI004281 and having registered office at BHEL House, Siri Fort, New Delhi-110049 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications {including Directors Identification Number (DIN) status at the portal www.mca.gov.in} as considered necessary and explanations furnished to us by the Company & its Directors/ officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2024** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities & Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

| Sr. No. | Name of Director (as per DIN) | DIN | Date of appointment in Company |
|---------|----------------------------------|----------|-----------------------------------|
| 1. | Koppu Sadashiv Murthy | 09184201 | 01.11.2023 |
| 2. | Arti Bhatnagar | 10065528 | 14.02.2023 |
| 3. | Vijay Mittal | 09548096 | 25.03.2022 |
| 4. | Sivaprasad Kodungallur | 09392812 | 09.11.2021 |
| 5. | Lekhasri Samantsinghar | 09392192 | 09.11.2021 |
| 6. | Ramesh Patlya Mawaskar | 10194932 | 08.06.2023 |
| 7. | Jai Prakash Srivastava | 09703643 | 12.08.2022 |
| 8. | Krishna Kumar Thakur | 10172666 | 04.07.2023 |
| 9. | Tajinder Gupta | 10327530 | 20.09.2023 |
| 10. | Bani Varma | 10337787 | 09.10.2023 |

Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi
 Date: 30.05.2024

For Ashu Gupta & Co.

ASHU
 GUPTA

Ashu Gupta

Company Secretary in Practice
 FCS No.: 4123 | CP No.: 6646
 PR No.: 730/2020

UDIN: F004123F000492754

**AKHIL ROHATGI & COMPANY**

Company Secretaries
21, Shamnath Marg, Civil Lines, Delhi – 110054
Phone : 9810690633, 8527087435
Email : rohatgi_co_secy@yahoo.co.in
csdelhi84@gmail.com
GST No: 07ABTFA2714K127

**CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE
GOVERNANCE**

To,
The Members,
Bharat Heavy Electricals Limited
BHEL House, Siri Fort, New Delhi-110049

We have examined the compliance of conditions of corporate governance by Bharat Heavy Electricals Limited ("BHEL"/ "the Company") for the year ended March 31, 2024, as stipulated in the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprise (DPE), Government of India.

The compliance of conditions of corporate governance is the responsibility of the management of the Company. Our examination has been limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said Regulations and Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the applicable conditions of corporate governance as stipulated in the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance during FY 2023-24 except that during the period under review the number of independent directors on the Board was less than half of the total strength of the Board as required under Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of the DPE Guidelines on Corporate Governance.

The Company has explained that BHEL, being a Government Company, all the directors are appointed by the President of India, acting through administrative ministry and as such appointment of requisite number of independent directors is beyond the control of the Company. Further, the Company has been in constant communication with its administrative ministry requesting for appointment of independent directors on its Board so as to ensure compliance with corporate governance norms enunciated under the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.

We further state that such compliance certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Delhi
Date: 31.05.2024



CS Akhil Rohatgi
FCS: 1600, COP:2317
ICSI Unique Regn Code No: P1995DE072900
Peer Review No.1152/2021
UDIN No: F001600F000512352

**AKHIL ROHATGI & COMPANY**

Company Secretaries
21, Shamnath Marg, Civil Lines, Delhi – 110054
Phone : 9810690633, 8527087435
Email : rohatgi_co_secy@yahoo.co.in
csdelhi84@gmail.com
GST No: 07ABTFA2714K1Z7

Secretarial Audit Report
For the Financial Year ended on 31st March 2024
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Bharat Heavy Electricals Limited
BHEL House, Siri Fort,
New Delhi-110049

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Bharat Heavy Electricals Limited (CIN: L74899DL1964GOI004281) (hereinafter called 'BHEL' / 'the Company'). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records or registers maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2024**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2024** according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; [Not applicable on the Company during the audit period];
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; [Not applicable on the Company during the audit period];
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Shares Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; [The Company was not engaged in the activities relating to Registrar to an Issue and was also not acting as Share Transfer Agent, Hence the aforesaid Regulations were not applicable to the Company during the audit period];
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; [Not applicable on the Company during the audit period];
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; [Not applicable on the Company during the audit period];
- (vi) Other labour, environment and specific applicable Acts/ Laws to the Company for which secretarial audit was conducted including as listed below (being verified on the basis of periodic certificate under internal compliance system submitted to the Board of Directors of the Company):
- a) Factories Act, 1948 and other Labour Laws (to the extent as applicable);
 - b) Right to Information Act, 2005;
 - c) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
 - d) Atomic Energy (Radiation Protection) Rules, 2004;
 - e) Batteries (Management and Handling) Rules, 2001;
 - f) Indian Boilers Act, 1923; and
 - g) Manufacture, Storage and Import of Hazardous Chemical Rules, 1989.

We have also examined compliance with the applicable clauses of the following:

- a. Mandatory Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI); and
- b. Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE), Government of India;

We have not examined the applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.



We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except that during the period under review the number of independent directors on the Board was less than half of the total strength of the Board as required under Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of the DPE Guidelines on Corporate Governance.

The Company has explained that BHEL, being a Government Company, all the directors are appointed by the President of India, acting through administrative ministry and as such appointment of requisite number of independent directors is beyond the control of the Company. Further, the Company has been in constant communication with its administrative ministry requesting for appointment of independent directors on its Board so as to ensure compliance with corporate governance norms enunciated under the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. However, as mentioned above, the company did not have requisite number of Independent Director on its Board during the period under review. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all directors to schedule the Board & Committee meetings as per the statutory provisions and agenda & detailed notes on agenda were sent atleast seven days in advance, except those which were sent at shorter notice, were taken up after obtaining requisite permission as required under Secretarial Standard-1 of ICSI. Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions made at the Board and Committee meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or respective Committee of the Board, as the case may be.

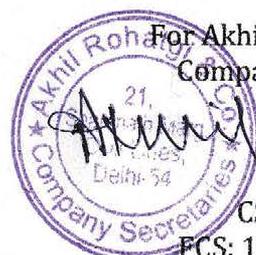
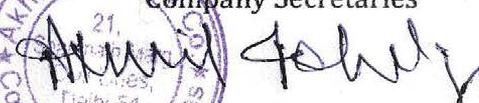
There was no prosecution initiated during the year under review against/ on the Company, its Directors and Officers. However, during the year under review, BSE Limited and National Stock Exchange of India Limited each have levied fine of Rs. 21,59,400 for non-compliance of Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 in respect of non-appointment of requisite numbers of independent directors. In response to the notices, the Company has clarified to the Exchanges that the shortfall in Independent Directors was not due to any negligence/ default of the Company, as the appointment is not within its control. In view thereof, the Company has requested the Exchanges to waive-off the fine under their carve-out policies.



We further report that based on the information received and records maintained, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

We further report that during the audit period, no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has occurred in the Company.

For Akhil Rohatgi & Co.
Company Secretaries



CS Akhil Rohatgi
FCS: 1600, COP:2317

Peer Review No. 1152/2021

Place: New Delhi
Date: 15/06/2024

ICSI Unique Firm Regn Code No: P1995DE072900
UDIN No: F001600F000575074

[Note: This report is to be read with our letter of even date which is annexed as "Annexure-A" and forms an integral part of this report].



AKHIL ROHATGI & COMPANY

Company Secretaries
21, Shamnath Marg, Civil Lines, Delhi - 110054
Phone : 9810690633, 8527087435
Email : rohatgi_co_secy@yahoo.co.in
csdelhi84@gmail.com
GST No: 07ABTFA2714K1Z7

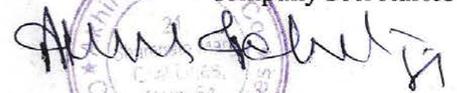
To,

Annexure - "A"

The Members,
Bharat Heavy Electricals Limited
BHEL House, Siri Fort,
New Delhi-110049

Our report of even date is to be read along with this letter as under:

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Akhil Rohatgi & Co.
Company Secretaries

CS Akhil Rohatgi
FCS: 1600, COP:2317

Peer Review No. 1152/2021

ICSI Unique Firm Regn Code No: P1995DE072900

UDIN No: F001600F000575074

Place: New Delhi
Date: 15/06/2024

Annexure – III: to the Board's Report: CEO and CFO Certificate

(in terms of Regulation 17(8) of SEBI (LODR) Regulations 2015)

To,

The Board of Directors
Bharat Heavy Electricals Ltd.,
New Delhi.

- (a) We have reviewed Financial Statements and the Cash Flow statement of Bharat Heavy Electricals Ltd for the year ended 31st March, 2024 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the applicable Ind AS, laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2023-24 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and to the Audit Committee.
- (i) Significant changes, if any, in internal control over financial reporting during the year 2023-24;
 - (ii) Significant changes, if any, in the accounting policies during the year 2023-24 and the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.



21/05/24

(K Sadashiv Murthy)

Chairman & Managing Director
Additional charge Director (Finance) & CFO

Place: New Delhi
Date: 21.05.2024

BHEL- CIL JOINT VENTURE – Entering Into Coal to Chemicals Business

BHEL has ventured into coal to chemical business arena with incorporation of Joint Venture company “Bharat Coal Gasification and Chemicals Limited (BCGCL)” with Coal India Limited. Located in Odisha, incorporated on 21st May 2024, this company is setting up a Coal to 2000 tonnes per day (TPD) Ammonium Nitrate Plant using BHEL’s in-house developed Pressurized Fluidized Bed Gasification (PFBG) technology, suitable for high ash Indian coal. BHEL holds equity share of 49% in this Joint Venture company.

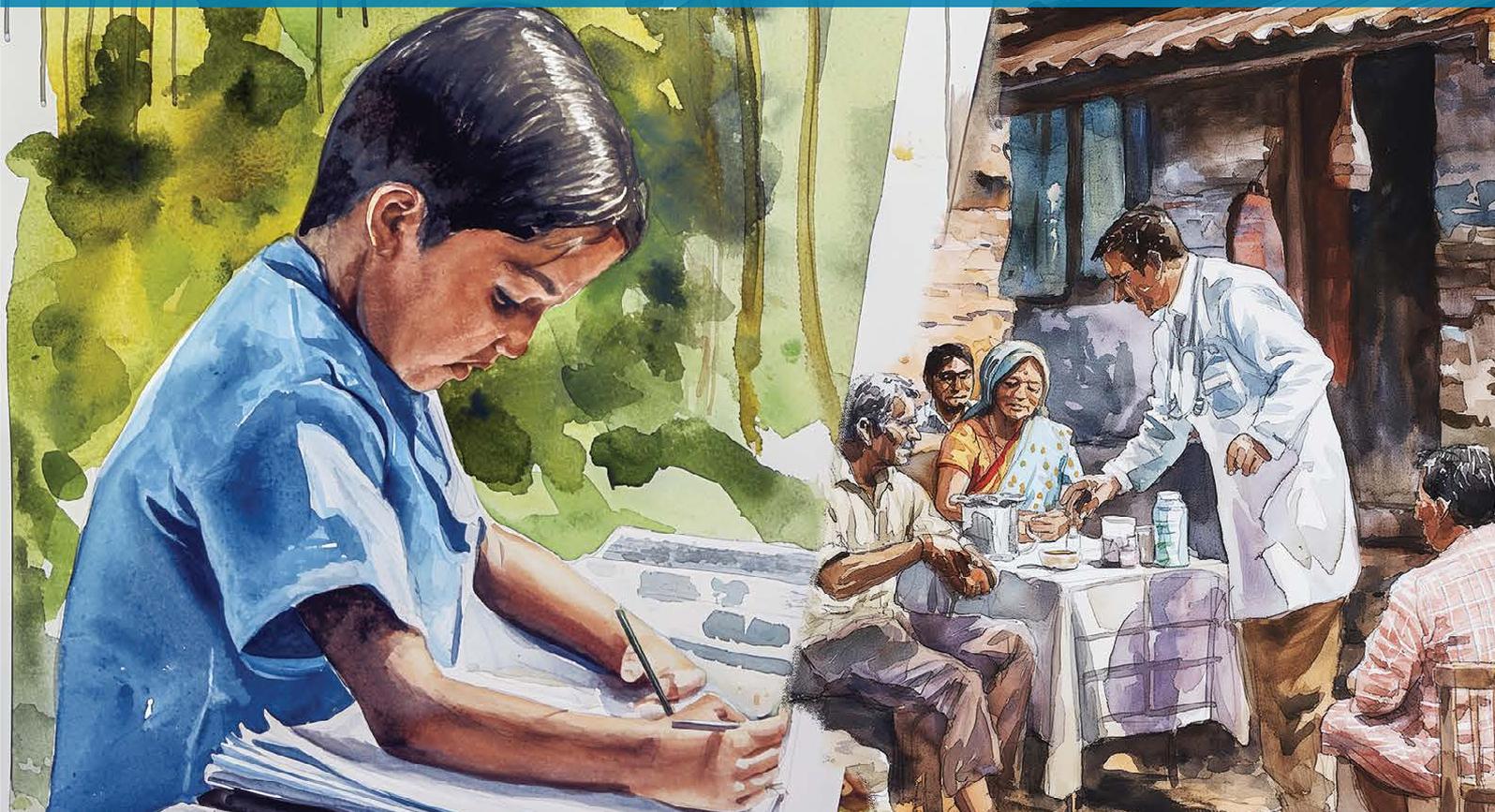
For demonstrating our PFBG technology, BHEL established 168 TPD coal gasification plant at Trichy, and 1.2 TPD coal gasification pilot plant for producing 0.25 TPD Methanol from high ash Indian coal at Hyderabad. Notably, conversion of high ash Indian coal to methanol through gasification route is the first of its kind technology demonstration in India.

BHEL has also signed MoU with NLCIL for exploring setting up of lignite-based gasification pilot plant for power generation





SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY



“

BHEL's Mission Statement – 'Providing sustainable business solutions in the fields of Energy, Industry & Infrastructure' bears testimony to its unwavering commitment towards care for nature. **“GREEN BHEL”, an initiative launched by BHEL, aims to achieve Net Zero by the year 2047.** I feel proud to be associated with the World Economic Forum's "1t.org" initiative, which also compliments BHEL's commitment towards Environment Conservation.

Krishna Kumar Thakur
Director, Human Resources, BHEL



Annexure – IV to the Board's Report

Sustainability and CSR

4.1 Sustainability Performance – Environmental

The global business landscape has witnessed a paradigm shift where every facet of business operations needs to be consistent and compliant with the principles of sustainability. Company has consistently been steadfast in its dedication to drive positive environmental and social changes, ensuring that sustainability remains at the core of our operational ethos.

The following aspects highlight the company's commitment to environmental sustainability and climate actions and outlines key initiatives taken up during FY 2023-24:

4.1.1 Responsible Material & Natural Resource Consumption

Resource conservation, and efficient use of natural resources is a key element in planning and review processes as well as optimization of Cost. It also aligns well with the UN Sustainable Development Goal 12 (SDG 12) - Responsible Production and Consumption.

Sustainable material consumption through optimization, waste minimization in manufacturing processes, nesting plans for cutting metal sheets and sections to reduce wastage,

recycling/utilisation of cut bits or offcuts generated are some of the measures taken for promoting resource efficiency.

4.1.2 Energy Management

BHEL has been providing its customers with more energy efficient equipment and power plants with cleaner technologies and contributing towards energy efficiency and carbon emission reduction in consistency with UN Sustainable Development Goal 7 (SDG 7) - Affordable & Clean Energy.

Energy intensive manufacturing units have implemented Energy Management Systems with ISO 50001 certification. Periodical energy audits are conducted to identify opportunities for energy conservation/ efficiency for continual reductions in energy consumption. During the year 51 numbers of Energy conservation projects identified and its implementation led to reduction in electricity consumption across manufacturing units by 23.92 million units for the year.

Electricity generation from captive solar power plants installed across our premises increased by 8% from 29.78 million units to 32.17 million units during FY 2023-24 achieving cumulative generation of 192.17 million units in the last seven years.

4.1.3 Water & Biodiversity Management

Your Company is making concerted efforts for reducing water consumption, implementing recycling and reuse practices wherever feasible. Water conservation measures also include rooftop rainwater harvesting structures, check-dams to store rain water for groundwater recharging, and biodiversity preservation initiatives aligning seamlessly with UN Sustainable Development Goals 3, 6, 11, and 14.

BHEL has established more than 140 Rainwater Harvesting Systems of different sizes and capacities across its campuses for recharging ground water table. 9 new water harvesting structures have been added this year. To recharge ground water table, 8 new water bodies were also created during the year.

For prevention of water pollution and sustainable management of wastewater, the company has established 20 Effluent Treatment Plants (ETPs) and 19 Sewage Treatment Plants (STPs). New STPs at SBD Bengaluru and HPVP Vizag units were commissioned during FY 2023-24. Notably, 11 manufacturing units are not letting out any effluent outside their premises.

Green Cover

The premises of all BHEL units are covered with trees, shrubs and water bodies extending to about 40% of total land area in BHEL premises as per estimation with the help of <https://restor.eco>.

As per our internal estimation, the total number of shrubs and trees in our premises is about 30 lakhs. 03 BHEL units namely; Jhansi, Hyderabad and Trichy unit have developed Miyawaki forests with cumulative coverage in excess of 15,000 square meter.

There is a well-ingrained practice in all BHEL units to plant saplings in large numbers, especially during monsoon season. During last 5 years, more than 3.10 lakh saplings were planted in different BHEL units. Out of these, 81,608 saplings were planted during the year 2023-24.

In addition to green cover, larger manufacturing units have water bodies too inside their campuses. With an objective to promote biodiversity, eight new water bodies were created in different BHEL units during the year.

In FY 2023-24, BHEL became part of World Economic Forum's (WEF's) one trillion trees initiative by taking a pledge on '1t.org' aiming to empower the reforestation community and ensure the conservation and restoration of one trillion trees. BHEL has taken a pledge to conserve 3 million existing trees in its campuses, and augment the same by planting more saplings.



Miyawaki forests with cumulative coverage in excess of 15,000 square meters developed across BHEL units

4.1.4 Carbon Management

BHEL's carbon management strategies to achieve Net-zero status by 2047 is reflection of its commitment for transitioning towards a sustainable energy mix and reducing its carbon emissions.

To reduce carbon emission as well as air pollution, most of our Manufacturing Units have already switched to greener fuels such as LPG/ CNG/ RLNG in place of coal/ FO/ HSD/ LDO for heating purposes.

Our manufacturing units have onsite captive solar PV systems in excess of 35 MWp, resulting in 8% increase in avoidance of carbon footprints in FY 2023-24 over previous year.

The company's green cover also acts as a natural carbon sink, complementing carbon reduction efforts. Ongoing Energy Conservation (EnCon) and Energy Efficiency (EE) projects contribute to Scope-1 and Scope-2 emission reductions on a continual basis, reinforcing BHEL's commitment to carbon management and sustainability.

4.1.5 Waste Management

The Company has well laid out systems for management of different types of wastes based on the principles of 3R (Reduce, Recycle, Reuse) following below mentioned measures.

- All metallic wastes are segregated at source for re-use to maximum extent before selling to authorised agencies as scrap.
- Hazardous waste, e-waste and battery waste are safely

stored and disposed-off to the authorised agencies and prescribed returns are submitted to the concerned regulatory agencies.

- The biodegradable wastes are used for composting to the extent possible. In HEP, Bhopal the canteen waste is used in bio digester for generation of bio-gas.
- The inert (non-hazardous) wastes having no resale value, are used in construction for back filling or used for filling low lying areas within our premises.
- A Special Campaign 3.0 on Swachhata was initiated across BHEL during October 2023 focusing on collection and disposal of scrap.
- All fifteen BHEL townships have been certified as “Single Use Plastic Free” township.



4.2 हरित बीएचईएल (HARIT BHEL) – Transforming BHEL into a Green Company

The हरित बीएचईएल (HARIT BHEL)—initiative for making BHEL is “Green Company” and a model “Green PSU” was officially launched by the Hon’ble Minister for Heavy Industries, Government of India on July 10, 2023 at BHEL Corporate Office, New Delhi. Furthermore, a concept paper, outlining the key aspects of the हरित बीएचईएल initiative was inaugurated by the Hon’ble Minister for Heavy Industries, Government of India on September 14, 2023 at BHEL’s Jhansi Unit.

The हरित बीएचईएल (Harit BHEL) initiative encompasses three pivotal components:

1. **Targeting Net Zero Emissions by 2047:** BHEL has

pledged to attain Net Zero status for Scope-1 and Scope-2 emissions by 2047. It shall also work with the spirit of collaboration and handholding with customers and vendors to curtail Scope-3 emissions in the value chain. Further, it has taken an intermediate target of 50% reduction in Scope-1 & Scope-2 Emissions by 2030 with respect to baseline emission of FY 2022-23.

2. **Green Company Rating for Manufacturing Units:** As a part of road map for achieving net zero by 2047 and BHEL is aiming to obtain GreenCo rating by CII-Sohrabji Godrej Green Business Centre for the Manufacturing Units. During FY 2023-24, 05 units were identified for taking up assessment for GreenCo rating. The GreenCo rating achieved by them are given below.



3. **Focused Sustainability Initiatives for the year 2023-24:**

For the year 2023-24, 09 focused sustainability initiatives were identified and implemented across BHEL. The 09 initiatives and the achievements of the year are given below

- i. Augmenting the capacity of Solar PV Plant for captive use in manufacturing units
- ii. Plantation of 81,608 saplings against target of 75,000 sapling across BHEL campuses
- iii. Addition of 9 Rainwater harvesting systems for groundwater recharge
- iv. Creating of 8 water bodies to promote biodiversity and supporting groundwater recharge bodies
- v. To achieve the objectives of हरित बीएचईएल (HARIT BHEL) 5 manufacturing Units underwent comprehensive water audits to identify the opportunities for water conservation
- vi. 16 Manufacturing Units have completed Energy Audits to identify energy conservation and efficiency opportunities

- vii. Promoting increased use of daylight across the Company by replacement/repair of roof sheeting to enable natural lighting during daylight hours. This exercise has been completed across the company.

4.3 Sustainability Performance – Social

BHEL has identified 7 Thrust Areas for carrying out its CSR initiatives. These seven thrust areas are elaborated in BHEL's CSR policy and are in line with activities and areas mentioned in Schedule VII of the Companies Act, 2013.

Brief description of some key interventions during the year are given below:

Clean India (स्वच्छ भारत)- Construction of 23 clusters of Bio-digester toilets in Haridwar & Rishikesh, UK.

Educated India (शिक्षित भारत) - Financial support for distribution of "You can be Happy" series books, followed by health & career counseling for KVS students in Delhi NCR through ISKCON.

Healthy India (स्वच्छ भारत)

- Financial Support for "Heal-A-Soul IV"- Providing Anti Haemophilic Factors (AHF) to Persons & Children with Haemophilia (P&Cwh) in various Aspirational Districts across India under its CSR initiative.



Financial support for providing Anti Haemophilic Factors (AHF) to Persons & Children with Haemophilia

- Financial support to Sulabh International Social Service Organisation for Construction, Operation and Maintenance of Sulabh Toilet Complexes at 11 identified Places in Varanasi and Chandauli, Uttar Pradesh.
- Financial support for Construction of Sarai building for approx. 100 People at Dr. Rajendra Prasad Government Medical College, Tanda, in Kangra District, Himachal Pradesh.
- Financial support to District Collector, Suryapet, Telangana for setting up 36 Gyms.



Financial support to Suryapet in Telangana for setting up open gyms

Inclusive India (समावेशी भारत)

- Financial support to Municipal Commissioner, Varanasi for installation of 100 numbers Heritage Street Lighting System at Varanasi.
- Financial support to the "Professional Assistance for Development Action" for the project: Motivating Agrarian communities of Kandhamal (Odisha) for their Economic Transformation.



Financial support for marketing of tomatoes through FPO in Kandhamal District of Odisha

4.4 Annual report for CSR Activities

- Brief outline on CSR Policy of the Company. **(Attached as Annexure-A)**
- Composition of CSR Committee

| S. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee Held during the year | Number of meeting of CSR Committee attended during the year |
|--------|--|--------------------------------------|--|---|
| 1 | Dr. K. Sivaprasad Independent Director | Chairperson | 1 | 1 |
| 2 | Director (Finance) | Member | 1 | 1 |
| 3 | Director (HR) | Member | 1 | 1 |

Head (CSR), Corporate Office is Permanent Invitee. Company Secretary acts as Secretary to the Committee.

- Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company

Web-link : --- <https://www.bhel.com/csr>

- Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Not applicable

- (a) Average net profit of the company as per sub-section (5) of section 135.

₹(-) 940.77 Crores

- (b) Two percent of average net profit of the company as per sub-section (5) of section 135.

₹(-) 18.82 Crores

- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. **Nil**

- (d) Amount required to be set-off for the financial year, if any. **Nil**

- (e) Total CSR obligation for the financial year [(b) + (c) - (d)]. **Nil**

- (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). **₹382.25 Lakh**

- (b) Amount spent in Administrative Overheads.

₹19.11 Lakh

- (c) Amount spent on Impact Assessment, if

applicable. **Nil**

- (d) Total amount spent for the Financial Year [(a) + (b) + (c)]*. **₹401.36 Lakh**

- (e) CSR amount spent or unspent for the Financial Year

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per Section (6) of Section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 | | |
| | Amount (In ₹ Lakh) | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| Nil | Nil | N/A | N/A | N/A | N/A |

- (f) Excess amount for set off, if any:

| S. No. | Particular | Amount (In ₹Lakh) |
|--------|---|---------------------|
| (i) | Two percent of average net profit of the company as per section 135 (5) | (-),1,882.00 |
| (ii) | Total amount spent for the Financial Year* | Nil |
| (iii) | Excess amount spent for the financial year [(ii) - (i)] | Nil |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set off in succeeding financial years [(iii) - (iv)] | Nil |

* Unspent CSR amount of FY 2020-21 amounting to ₹2126.95 Lakh was transferred on 30.04.2021 to a separate bank A/c as per Companies (CSR Policy) Amendment Rules, 2021. Out of this ₹911.08 Lakh, ₹600.50 Lakh & ₹401.36 Lakh has been spent in FY 2021-22, 2022-23 & 2023-24 respectively. The unspent amount is transferred to PMNRF on 29.04.2024.

- (a) Details of Unspent CSR amount for the preceding three financial years:

| 1 | 2 | 3 | 4 | 5 | 6 | | 7 | 8 |
|--------|-----------------------------|--|--|--|--|------------------|--|--------------------|
| S. No. | Preceding Financial Year(s) | Amount Transferred to Unspent CSR Account under Sub-Section (6) of section 135 (in ₹ Lakh) | Balance Amount in Unspent CSR Account Under Sub-Section (6) of section 135 (in ₹ Lakh) | Amount Spent in the Financial Year (in ₹ Lakh) | Amount transferred to A Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹ Lakh) | Deficiency, if any |
| | | | | | Amount (in ₹) | Date of Transfer | | |
| 1 | 2020-21# | 2,126.95 | 2,126.95 | 1,441.99 | N/A | | 2,126.95 | Nil |
| 2 | 2021-22 | Nil | 2,126.95 | 911.08 | N/A | | 1,215.87 | Nil |
| 3 | 2022-23 | Nil | 1,215.87 | 600.50 | N/A | | 615.37 | Nil |

FY 2020-21:- Fund carried forward from previous year = ₹1,550.94 Lakh and CSR budget for the year = ₹2,018.00 Lakh, Total fund available for FY was ₹3,568.94 Lakh

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

If Yes, enter the number of Capital assets created / acquired: **N/A**

Furnish the details relating to such asset (s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **N/A**

| S. No. | Short Particulars of the property or Asset(s) [including complete address and location of the property] | Pincode of the Property or Asset(s) | Date of Creation | Amount of CSR amount spent | Details of entity / Authority / beneficiary of the registered owner | | |
|--------|---|-------------------------------------|------------------|----------------------------|---|------|--------------------|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| (1) | (2) | (3) | (4) | (5) | (6) | | |
| - | - | - | - | - | - | - | - |

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

As per section 135 (5), two percent of average net profit of the company for FY 2023-24 was ₹(-) **18.82 Crores**. Therefore, CSR budget for FY 2023-24 was Nil.

CSR spent during FY 2023-24 was out of CSR projects continuing from previous year.

10. We hereby declare that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.



Chairman & Managing Director



Chairperson
(CSR Committee)

New Delhi

Date: July 27, 2024



5 MW in-house solar PV installation at BHEL Haridwar for captive power generation



Annexure – A

BHEL Corporate Social Responsibility (CSR) Policy Outline

CSR Vision:

To be a responsible corporate citizen working towards a better tomorrow.

CSR Mission:

To sincerely & effectively discharge company's responsibility in the identified CSR thrust areas and other areas listed out in the Companies Act, 2013.

Objectives of the Policy:

- To define CSR projects or programs which BHEL plans to undertake and which fall within the purview of the Companies Act 2013, the Companies (CSR Policy) Rules, 2014 and the prevailing DPE Guidelines.
- Modalities of execution of such CSR projects or programs.
- Monitoring process of such CSR projects or programs.
- To make the stakeholders aware about CSR practices in BHEL.
- To work keeping in mind the larger objective of sustainable development in conduct of business and in pursuit of CSR agenda.

Salient Features of the Policy:

- It covers the requirements stated in the Companies Act-2013, the Companies (CSR Policy) Rules-2014 and DPE Guidelines on CSR & Sustainability;
- It defines the thrust areas for CSR activities, which are based on the activities mentioned in Schedule VII of the Companies Act, 2013.
- It specifies that 2% of average net profit during the three immediately preceding financial years will be allocated for CSR activities.
- The company shall give preference to the local areas for spending at least 75% of the amount earmarked for CSR activities.
- A project having total value equal to or more than ₹1 crore will be termed as Mega project and Impact assessment of such projects will be mandatorily got done through an external agency.
- There is a provision to reserve 5% of the annual CSR budget as Emergency Fund to take up relief activities for any disaster/ calamity.
- It stipulates that 5% of total CSR expenditure for the year shall be kept as a reserve for capacity building including administrative overheads.
- It provides information about organizational structure for CSR in BHEL.

Web-Link to CSR Policy:

BHEL CSR Policy is hosted on www.bhel.com under CSR section and can be accessed through the link <https://www.bhel.com/csr>

Annexure-V to the Board's Report

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

| | | |
|-----|---|---|
| 1. | Corporate Identity Number (CIN) of the Listed Entity | L74899DL1964GOI004281 |
| 2. | Name of the Listed Entity | BHARAT HEAVY ELECTRICALS LIMITED |
| 3. | Year of incorporation | 13 November 1964 |
| 4. | Registered office address | BHEL House, Siri Fort, New Delhi – 110049 |
| 5. | Corporate address | BHEL House, Siri Fort, New Delhi – 110049 |
| 6. | E-mail | shareholderquery@bhel.in |
| 7. | Telephone | 011-66337598 |
| 8. | Website | www.bhel.com |
| 9. | Financial year for which reporting is being done | FY 2023-24 |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE LIMITED (BSE) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE) |
| 11. | Paid-up Capital | ₹ 696.41 Crores |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Sandeep Singh Baraith (DGM– Corporate Strategic Management), email: s.baraith@bhel.in , 011-66337554 |
| 13. | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together) | Standalone basis |
| 14. | Whether the company has undertaken reasonable assurance of the BRSR core | Yes, certificate at the end |
| 15. | Name of assurance provider | BUREAU VERITAS (INDIA) PRIVATE LIMITED |
| 16. | Type of assurance obtained | Reasonable assurance |

II. Products/services

17. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|--------|------------------------------|---|-----------------------------|
| 1 | Power Segment | The Power segment comprises thermal, gas, hydro, nuclear power plant businesses, and spares & services business apart from new businesses of coal to chemicals, emission control equipment and spares for Non-BHEL sets | 77% |
| 2 | Industry Segment | The Industry segment caters to major equipment supplies and EPC works for a number of industries including transportation, transmission, defence, aerospace, captive power plants, process industries, renewables, downstream oil & gas, and energy storage, among others | 23% |

18. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total contributed Turnover |
|--------|---|----------|---------------------------------|
| 1 | Construction and maintenance of power plants, other than hydro-electric power plants | 45207 | 27% |
| 2 | Manufacture of steam or other vapour generating boilers and hot water boilers other than central heating boilers | 28131 | 26% |
| 3 | Manufacture of steam engines and turbines | 29111 | 9% |
| 4 | Manufacture of transformers of all sizes and types & rewinding of electric motors | 31102 | 7% |
| 5 | Manufacture of electricity distribution and control apparatus [electrical apparatus for switching or protecting electrical circuits (e.g. switches, fuses, voltage limiters, surge suppressors, junction boxes etc.) for a voltage exceeding 1000 volts; similar apparatus (including relays, sockets etc.) for a voltage not exceeding 1000 volts; boards, panels, consoles, cabinets and other bases equipped with two or more of the above apparatus for electricity control or distribution of electricity including power capacitors.] | 31200 | 8% |
| 6 | Manufacture of generators/generating sets | 31101 | 5% |
| 7 | Manufacture of electric motors : universal AC/DC motors and DC motors or generators | 31103 | 3% |
| 8 | Manufacture of other movers n.e.c. hydraulic turbines, water wheels and their regulatory machinery; gas turbines for marine propulsion or for use as prime movers of electric generators or pumps; boiler-turbine set or a stationary steam engine with integral boiler. | 29119 | 4% |
| 9 | Manufacture of distilling and rectifying plants; heat exchangers; machinery for liquefying air or gas; producer gas or water gas and acetylene gas generators | 29198 | 2% |

III. Operations

19. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 16 | 29 | 45 |
| International | 0 | 1 | 1 |

The company has 16 manufacturing units (or plants), 2 repair units, 4 regional offices, 8 service centres, and 15 regional marketing centres. For plant names, refer 'Pan India Presence'.

20. Markets served by the entity:

- a. Number of locations

| Locations | Number |
|----------------------------------|------------------------------------|
| National (No. of States) | 28 (states), 8 (Union Territories) |
| International (No. of Countries) | 89 |

- b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports contribute approx. 3.02% of total turnover.

- c. A brief on types of customers

BHEL customers span across Government, Government ministries, Parastatal agencies, Government-owned entities, Independent Power Producers (IPP) and Private companies.

IV. Employees

Refer definitions of 'Employee' under Sec 2 (l) of the Industrial Relations Code, 2020 and 'worker' under Sec 2 (zr) of the Industrial Relations Code, 2020 as per the guidelines of BRSR format. Also refer definition of 'permanent employee', 'permanent worker', 'other than permanent employee' and 'other than permanent worker' in the guidelines of BRSR format. As per the assessment of the definition, 'Employees' include 'Employees' as well as 'Workers' for 'Permanent' and 'other than Permanent' category in below data points.

21. Details as at the end of Financial Year:

- a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|--------------------------------|-----------|---------|---------|---------|-----------|
| | | | No. (B) | % (B/A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 28673 | 26996 | 94.15% | 1677 | 5.85% |
| 2. | Other than Permanent (E) | 17361 | 15764 | 90.80% | 1597 | 9.20% |
| 3. | Total employees (D + E) | 46034 | 42760 | 92.89% | 3274 | 7.11% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 14207 | 13846 | 97.46% | 361 | 2.54% |
| 5. | Other than Permanent (G)* | 17244 | 15648 | 90.74% | 1596 | 9.26% |
| 6. | Total workers (F + G) | 31451 | 29494 | 93.78% | 1957 | 6.22% |

- b. Differently abled Employees and workers:

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--------------------------------|-----------|---------|---------|---------|-----------|
| | | | No. (B) | % (B/A) | No. (C) | % (C / A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 821 | 799 | 97.32% | 22 | 2.68% |
| 2. | Other than Permanent (E) | 51 | 40 | 78.43% | 11 | 21.57% |
| 3. | Total employees (D + E) | 872 | 839 | 96.22% | 33 | 3.78% |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | 383 | 380 | 99.22% | 3 | 0.78% |
| 5. | Other than Permanent (G)* | 51 | 40 | 78.43% | 11 | 21.57% |
| 6. | Total workers (F + G) | 434 | 420 | 96.77% | 14 | 3.23% |

*BHEL awards job/ works contracts to contractors at its various Units/ Divisions/ Departments as per organizational needs. The number of workers with contractors varies from time to time.

22. Participation/ Inclusion/ Representation of women

| | Total (A) | No. and percentage of Females | |
|--------------------------|-----------|-------------------------------|---------|
| | | No. (B) | % (B/A) |
| Board of Directors | 9 | 3 | 33.33% |
| Key Management Personnel | 1 | 0 | 0% |

Status as on March 31, 2024

23. Turnover rate for permanent employees and workers

Turnover rate for the year is defined as 'Number of persons who have left the employment of the entity in the year*100/ Average number of persons employed in the category'.

| | FY 2023-24 | | | FY 2022-23 | | | FY 2021-22 | | |
|--------------------|------------|--------|-------|------------|--------|-------|------------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent employee | 3.34% | 4.59% | 3.42% | 4.01% | 4.97% | 4.15% | 5.45% | 3.77% | 5.29% |
| Permanent worker | 2.55% | 4.43% | 2.60% | 3.21% | 7.66% | 3.41% | 3.71% | 6.51% | 3.78% |

V. Holding, Subsidiary and Associate Companies (including joint ventures)

24. (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary/ associate companies/ joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1. | BHEL-GE GAS TURBINE SERVICES P. LTD | Joint Venture | 49.99% | No |
| 2. | NTPC BHEL POWER PROJECTS PVT LTD | Joint Venture | 50.00% | No |
| 3. | RAICHUR POWER CORPORATION LTD | Joint Venture | 22.14% | No |

Refer Annexure - IX to the Board Report - Form AOC - I

VI. CSR Details

25. CSR details

- (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes, CSR is applicable for BHEL
- (ii) Turnover: ₹ 22,920.52 Crores
- (iii) Net worth: ₹ 24,850.59 Crores

VII. Transparency and Disclosures Compliances

26. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2023-24 | | | FY 2022-23 | | |
|---|--|--|--|----------------------|--|--|---------|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes https://pgportal.gov.in/ | 186 | 1 | Closed in April 2024 | 218 | 0 | - |
| Investors (other than shareholders) | No | 0 | 0 | - | 0 | 0 | - |

| | | | | | | | |
|------------------------|---|-----|----|---|-----|-----|---|
| Shareholders | Yes The contact details provided at www.bhel.com | 8 | 0 | - | 13 | 0 | - |
| Employees and workers | Yes (Internal system) | 74 | 35 | - | 196 | 175 | - |
| Customers* | Yes (Internal system) | 330 | 74 | - | 466 | 219 | - |
| Value Chain Partners | Yes https://suvidha.bhel.in/ | 61 | 11 | - | 92 | 09 | - |
| Other (please specify) | = | - | - | - | - | - | - |

* Consolidation of customer complaint under single system is under implementation

Refer Annexure – II to Board's Report, Corporate Governance, Shareholders committee

Refer Annexure – VIII to Board's Report, Vigil Mechanism

27. Overview of the entity's material responsible business conduct issues

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|--------------------------------------|--|---|---|--|
| 1. | Energy Management & Carbon Footprint | O | Opportunity to utilize energy efficiently, fuel switching viz. use of renewable energy, enhanced green cover, and improved energy efficiency & conservation to address cost reduction and climate change. Refer Principle 6 | - | Positive implications |
| 2. | Water and waste management | O | Reduction in impact on the environment by efficiently managing & recycling/ reusing natural resources like water and waste generated during operations | - | Positive implications |
| 3. | Skilled manpower | R | The lack of new skill set and competencies for New products/ business pose risk for future business revenues | Reskilling of workforce and lateral hiring of required skill sets. Refer Principle 3 | Negative implications |
| 4. | Health and Safety | R | Managing Safety and Health is an integral part of our business. The hazards and risks at the workplace(s), Project site(s), Shop(s) can cause harm to employees, workers and other stakeholders thereby hampering operations. | Employee and workers mandatorily undergo Health, Safety & Environment (HSE) related training on regular basis. These trainings are also provided at the induction level as well. Frequent Safety Assessment by HSE Team and third party audits are conducted. Refer Principle 3 | Negative implications |

27. Overview of the entity's material responsible business conduct issues (Contd.)

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|--|--|--|---|--|
| 5. | Human Rights & Labour conditions | R | Responsibility to identify and manage Human Rights issues and uphold labor standards in the operations and supply chain. Non-compliance to regulations on Human Rights and labor standards has associated risks and consequential damages. | BHEL policies are in line with the principles of Human Rights, the constitution of India and applicable laws. The company has special provisions for ensuring safeguard of women employees at the workplace. BHEL complies with all the provisions of labour law applicable to BHEL. The company is one of the founding member of Global Compact network, India (GCNI) and is a part of initiatives in India. Refer Principle 3 and 5 | Negative implications |
| 6. | Employee engagement, diversity & inclusion | O | <ul style="list-style-type: none"> Employee engagement enhances productivity and hence affects the bottomline. Diversity/ equal opportunity helps in upliftment of the civic society as a whole. The Company is an equal opportunity employer and does not discriminate on the basis of gender, race, caste, religion, linguistic, region etc. in recruitment and employment relationship guided by Gov policies leading to a diverse culture and talent | - | Positive implications |
| 7. | Social engagement & impact | O | CSR plays an important role in uplifting societies and communities who are vulnerable & marginalized. It also improves company's brand perception; attractiveness to customers, employees, and investors; and overall business success. | - | Positive implications |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------|--|--|--|--|
| 8. | Data and Cyber Security | R | Risks emanating from cyber threat leads to loss in revenue on account of operational time loss, critical data loss (organisation & customer) affecting business. | The company has identified cyber security as one of the Top risks of the company. Accordingly, various mitigation measures have been taken for minimisation of the risk viz. the company is certified for ISO/ IEC 27001 and has implemented Information Security Management System (ISMS) across organisation; implementation of Centralized solution for Endpoint security, Next-Gen Cyber Security Operations Center (Cyber SOC), Security Orchestration Automation and Response (SOAR) and Web Application Firewalls (WAFs). Threat intelligence from external sources is integrated with Security Information and Event Management (SIEM) to ensure real time action. Further details have been included in Section 1.12 of the Board Report. | Negative implications |
| 9. | Product Safety | R | Lack of Product quality and safe functioning of product impacts company's brand image, liability claims and increases cost (rework costs) etc. | The manufacturing facilities churn out a wide range of high quality & reliable products adhering to national and international standards. Every product offering of BHEL has product manuals and are labelled with detailed product labels/ name plates/ test certificates as per the requirement and terms of contracts with customers besides the mandatory statutory requirements. Customers are offered training on operating the products as per the contractual conditions. | Negative implications |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---|--|--|---|--|
| 10. | Corporate Governance and business ethics | R | Values/ Ethical behavior is acting in ways that are consistent with how the company views moral principles and values. Not adhering can lead to reputational risks arising due to integrity, inter-personnel relationships at workplace, conflict of interest and adverse impact on business | BHEL believes in conducting its business in compliance with Corporate Governance procedures and code of conduct, exemplifies each of the core values, favourable outcomes to the customers, attractive opportunities to the employees, opportunity to the suppliers to partner the Company in progress and enrichment of the society. BHEL codes/ procedure are in place such as whistleblower policy, fraud prevention policy, CDA rules etc. Refer Principle 1. | Negative implications |
| 11. | Climate change | R | Reduction in demand for capital goods product that emit GHG emissions. The reduction in demand is a direct consequence to country/ global level policy changes | Adoption of new technologies & diversifying product portfolio with low emission products. | Negative implications |
| 12. | Sustainable product & services | O | New business opportunities due to energy transition and climate actions by our customers | - | Positive implications |
| 13. | Material Sourcing | R | Geopolitical uncertainties, increasing same material demand from other sectors causes supply risk and material price volatility which leads to delay in product deliveries as well as challenge in product pricing | Promoting 'Make in India'/ indigenization of items, etc. | Negative implications |
| 14. | Fuel Economy & Emissions in Use-phase (Operational life of the product) | O | Customer preferences for improved fuel economy combined with regulations & restricting emissions are increasing the demand for energy-efficient and lower-emission products in the industry. | Diversifying product portfolio with new products having improved features complying with the statutory norms. | Negative Implications |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7* | P8 | P9 |
|---|----------------|--|------------|----|------|--|-----|----|----|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No/NA) | Y | Y | Y | Y | Y | Y | N# | Y | Y |
| b. Has the policy been approved by the Board? (Yes/No/NA) | Y | Y | Y | Y | Y | Y | N# | Y | Y |
| c. Web Link of the Policies, if available@ | i, ii, iii, iv | - | v | vi | vii | v | - | vi | - |
| 2. Whether the entity has translated the policy into procedures. (Yes/No/NA) | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No/NA) | Y | N | N | N | N | N | N | N | N |
| 4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.* | e, f | a, b, c | b, c, e, f | f | e, f | b, d | f | f | a |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | NA | 50% order book from non-fossil sectors (FY23-27) | NA | NA | NA | <ul style="list-style-type: none"> Planting of 75,000 saplings Green-Co rating assessment of five manufacturing unit | NA | NA | NA |

| | | | | | | | | | |
|---|----|-----------------|----|----|----|--|----|----|----|
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | NA | 32% during FY24 | NA | NA | NA | <ul style="list-style-type: none"> • 81,608 saplings planted • Five manufacturing units assessed for GreenCo rating. Received three Green-Co silver rating and two GreenCo Bronze rating | NA | NA | NA |
|---|----|-----------------|----|----|----|--|----|----|----|

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

The issue of climate change and imperative for climate action has become a key factor influencing business strategies and policies. BHEL has always been an environment conscious organization and already offering many products and solutions for mitigating the impacts of climate change and further working on many related emerging technologies. It has been working relentlessly for reducing environmental footprint of its own operations through a well laid out Environment Management System.

To address the emerging situation, BHEL has launched 'Harit BHEL' initiative, to position itself as a Green Company. This also includes enhanced focus on ESG principles, which in turn will help the company foster a culture of innovation in delivering environment friendly products and services.

| | |
|--|--|
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies). | Name: Krishna Kumar Thakur Designation: Director (HR) DIN: 10172666 Telephone: 011- 26001003 Email id: dhr@bhel.in |
|--|--|

| | |
|---|--|
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Name: Krishna Kumar Thakur Designation: Director (HR) DIN: 10172666 Telephone: 011- 26001003 Email id: dhr@bhel.in |
|---|--|

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|--------------------|---|----|----|----|----|----|----|----|----|--|----|----|----|----|----|----|----|----|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |

| | |
|---|--|
| 10. Details of Review of NGRBCs by the Company: | |
| Performance against above policies and follow up action | Reviews and frequency are provided in Section C of BRSR wherever applicable. |

| | |
|---|---|
| Description of other committee for performance against above policies and follow up action | Reviews and frequency are provided in Section C of BRSR wherever applicable. |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | Review and frequency on compliance with statutory requirement are provided in section C of BRSR wherever applicable. |
| Description of other committee for compliance with statutory requirements of relevance to the principles and rectification | Review and frequency on compliance with statutory requirement are provided in section C of BRSR wherever applicable. |
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | Policies and procedures of the organization are subject to audits/ reviews by ISO 9001, ISO 14001, ISO 45001, ISO 27001, CAG, Parliamentary Committees, Administrative Ministry, etc. |

*a. ISO 9001; b. ISO 14001; c. ISO 45001; d. ISO 50001; e. ten principles of UNGC on human rights, labour, environment and anti-corruption; f. DPE guidelines

@

- i. <https://www.bhel.com/code-business-conduct-ethics-board-members-senior-management-personnel>
- ii. <https://www.bhel.com/code-conduct-prevention-insider-trading>
- iii. <https://www.bhel.com/bhel-fraud-prevention-policy-0>
- iv. <https://www.bhel.com/whistle-blower-policy-0>
- v. <https://www.bhel.com/sites/default/files/HSEPOLICY.pdf>
- vi. https://www.bhel.com/sites/default/files/BHEL_CSR_Policy_2022.pdf
- vii. <https://www.bhel.com/commitment-ungc-programme>

Notes:

We have practices & procedures established based on these principles, but do not have formal policy document with respect to one of them.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

| Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|----|----|----|----|----|----|-----|----|----|
| The entity does not consider the Principles material to its business (Yes/No) | No | No | No |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | No | No | No | No | No | No | Yes | No | No |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | No | No | No |
| It is planned to be done in the next financial year (Yes/No) | No | No | No |
| Any other reason (please specify) | No | No | No |

In respect of Principle 7 referring to Policy Advocacy, although company doesn't have policy but follows established practices based on 'Policy advocacy in a responsible manner'

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1: Ethics, Transparency and Accountability

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

BHEL conducts several training programmes for its employees and Directors. These training programmes are curated based on the requirements and include several topics (which in some form covers the nine principles) within a program.

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by awareness programmes |
|--|--|---|--|
| Board of Directors | 9 | Familiarisation with Project activities & progress; BHEL's journey in manufacturing & EPC capabilities; Governance, Effectiveness of independent directors, Board dynamics & management relationships; Finance for effective decision making; Contribution of BHEL in Strategic & core sectors of economy; Roadmap for future- Strategic Plan 2022-27; Machining, testing & handling facilities for large-size Turbo Generator assemblies; Statutory & regulatory provisions under Companies Act, 2013, Listing (Obligation & Disclosure Requirements) Regulations, 2015; DPE Guidelines and Secretarial Standards; Capacity Building of Functional Directors; Vigilance Management in CPSEs | 100% |
| Key Managerial Personnel (other than Board of directors) | 3 | The topics covered were Digital Data Protection Act, Alternate Dispute Resolution & HR which are part of the legal framework under which the Company operates | 100% |
| Employees other than BoD and KMPs | 1690 | Technical, functional, safety, managerial & behavioural topics in line with nine principles | 72.8% |
| Workers | 1690 | | 48.4% |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| Monetary | | | | | |
|-----------------|-----------------|---|--------------|-------------------|---|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (INR) | Brief of the Case | Has an appeal been preferred? (Yes/ No) |
| Penalty/ Fine | NIL | NIL | 0 | NIL | NIL |
| Settlement | NIL | NIL | 0 | NIL | NIL |
| Compounding fee | NIL | NIL | 0 | NIL | NIL |

| Non-Monetary | | | | |
|--------------|-----------------|---|-------------------|---|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/ No) |
| Imprisonment | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed-

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|--------------|---|
| NA | NA |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, BHEL has a policy for anti-corruption and anti-bribery. As a part of BHEL's persisting endeavor to set a high standard of conduct for its employees (other than those governed by standing orders), 'BHEL Conduct, Discipline and Appeal Rules, 1975' is in place, which is updated periodically. This is augmented by 'Fraud Prevention Policy and Whistle Blower Policy. The Company is subject to RTI Act 2005, audit by Statutory Auditors and CAG audit under section 139 of the Companies Act, 2013.

<https://www.bhel.com/bhel-fraud-prevention-policy-0>

<https://www.bhel.com/whistle-blower-policy-0>

In the area of business dealings with vendors and customers, BHEL has signed an MoU with Transparency International India (TII) to adopt 'Integrity Pact' to make procurement and contracting more transparent by binding both the parties to ethical conduct. A panel of three Independent External Monitors (IEMs) has been appointed to oversee implementation of Integrity Pact in BHEL, with due approval of Central Vigilance Commission.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

| | FY 2023-24 | FY 2022-23 |
|-----------|------------|------------|
| Directors | 0 | 0 |
| KMPs | 0 | 0 |
| Employees | 1 | 4 |
| Workers | 0 | 0 |

6. Details of complaints with regard to conflict of interest:

| | FY 2023-24 | | FY 2022-23 | |
|--|------------|---------|------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0 | -- | 0 | -- |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs (other than directors) | 0 | -- | 0 | -- |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest-

Refer Annexure - VIII to the Board's Report, Vigil Mechanism

8. Number of days of accounts payable ((Accounts payable * 365) / Cost of goods/ services procured) in the following format:

| | FY 2023-24 | FY2022-23 |
|--------------------------------------|----------------------|----------------------|
| Accounts payable x 365 days | 4,18,83,75,00,00,000 | 3,98,65,30,00,00,000 |
| Costs of goods/ service procured (₹) | 1,72,55,00,00,000 | 1,64,80,00,00,000 |
| Number of days of accounts payables | 243 | 242 |

9. Open-ness of business: Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | FY 2023-24 | FY 2022-23 |
|-----------------------------------|---|-------------------|-------------------|
| Concentration of Purchases | a. i) Purchases from trading houses (₹) | 0 | 0 |
| | ii) Total purchases (₹) | 97,00,00,00,000 | 1,05,00,00,00,000 |
| | iii) Purchases from trading houses as % of total purchases | 0% | 0% |
| | b. Number of trading houses where purchases are made | 0 | 0 |
| | c. i) Purchases from top 10 trading houses (₹) | 0 | 0 |
| | ii) Total purchases from trading houses (₹) | 0 | 0 |
| | iii) Purchases from top 10 trading houses as % of total purchases from trading houses (₹) | 0% | 0% |
| Concentration of Sales | a. i) Sales to dealer / distributors (₹) | 0 | 0 |
| | ii) Total Sales (₹) | 2,29,20,52,00,000 | 2,21,36,30,00,000 |
| | iii) Sales to dealer / distributors as % of total sales | 0% | 0% |
| | b. Number of dealers / distributors to whom sales are made | 0 | 0 |
| | c. i) Sales to top 10 dealers / distributors (₹) | 0 | 0 |
| | ii) Total Sales to dealer / distributors (₹) | 0 | 0 |
| | iii) Sales to top 10 dealers / distributors as % of total sales to dealer / distributors | 0% | 0% |
| Share of RPTs in | a. i. Purchases (Purchases with related parties) (₹) | 1,25,00,000 | 87,00,000 |
| | ii. Total purchases (₹) | 1,72,55,00,00,000 | 1,64,80,00,00,000 |
| | iii. Purchases with related parties as % of Total purchases | 0.01% | 0.01% |
| | b. i. Sales (Sales to related parties) (₹) | 3,15,83,00,000 | 2,50,87,00,000 |
| | ii. Total sales (₹) | 2,29,20,52,00,000 | 2,21,36,30,00,000 |
| | iii. Sales to related parties as % of Total sales | 1.38% | 1.13% |
| | c. i. Loan & advances given to related parties (₹) | 0 | 0 |
| | ii. Total loans & advances (₹) | 25,08,00,00,000 | 21,50,00,00,000 |
| | iii. Loan & advances given to related parties as % of Total loans & advances | 0% | 0% |
| | d. i) Investments in related parties (₹) | 0 | 0 |
| | ii) Total Investments made (₹) | 0 | 0 |
| | iii) Investments in related parties as % of Total Investments made | 0% | 0% |

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Topics / principles covered under the training | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|---|--|
| 43 | <ol style="list-style-type: none"> Awareness on Public Procurement Policy for Micro and Small Enterprises (MSEs) – Order for MSEs (issued by Ministry of MSME-Gol) Online supplier registration portal Government-e-Marketplace (GeM) BHEL General Conditions of Contract BHEL SAMVAAD with domestic industry to identify local sources and provide impetus for AtmaNirbhar Bharat | 20% |

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has a legal framework in place to avoid/manage conflict of interests involving members of the Board.

The Directors submit a certificate to the Board stating that they do not have any conflict of interest with regard to the business of the Company on account of their concern/interest and whenever any such conflict/interest arises they shall promptly inform the same to the Board.

The Company's Board has approved a 'Code of Business Conduct & Ethics for all Board Members and Senior Management Personnel'. The Code encompasses (i) General Moral Imperatives (ii) Specific Professional Responsibilities and (iii) Specific Additional Provisions for Board Members and Senior Management Personnel. In addition, for the purpose of clearly defining the roles and responsibilities of the Board and individual Directors, and to enable the Board to effectively perform its role, the Board has laid down a Charter of the Board of Directors.

In addition to these processes, which are in place to avoid/manage conflict of interests involving members of the Board, the Independent Directors on the Board are required to comply with certain additional provisions viz., submission of declaration of their independence (i.e. they meet the criteria of independence & that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment & without any external influence) and compliance with Schedule IV of the Companies Act which inter alia provides for (i) Guidelines of professional conduct (ii) Role & functions and (iii) Duties for Independent Directors.

Principle 2: Product lifecycle sustainability

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | FY 2023-24 | FY 2022-23 | Details |
|-------|------------|------------|--|
| R&D | 2.09% | 3.59% | More than 50 developmental projects were taken up |
| Capex | 5.57% | 10% | Major expenditure reported as : Installation of Regenerative Burner based Combustion System in Reheat Furnaces, installation of 2x30 kWp Solar Photo Voltaic (SPV) Power Plant and establishment of Selective Catalytic Reduction (SCR) manufacturing facility |

Refer Annexure- VI to Board Report and Annexure-VII to the Board Report

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

b. If yes, what percentage of inputs were sourced sustainably?

Yes, BHEL has implemented e-procurement/ GeM as business improvement and sustainable



business practice. Also supplier registration is done in online mode only. BHEL sources varied input material and component from several of its value chain partners which are certified and compliant with standards such as ISO 14001, ISO 45001 etc.

100% of our inputs are sourced sustainably.

- 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

BHEL products fall under capital goods category where product life goes beyond 25 years in majority of cases. The market requirement is for extension of the life of products or systems through process of refurbishments. After end of desired life of capital goods, they become unfit for reuse and hence being disposed as scrap by owner of the capital good products.

- 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Extended Producer Responsibility (EPR) is not applicable to BHEL's activities.

Leadership Indicators

- 1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

No, company has not conducted Life Cycle Assessments for products.

- 2. If there are any significant social or environmental concerns and/or risks arising from production or**

disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not applicable

- 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Company's manufacturing processes generate fair amount of metal scrap, however engineering measures are taken to minimize waste generation. The scrap subsequently undergoes recycling within the company and is reused. For example, Central Foundry Forge Plant (CFFP) in Haridwar manufactures Steel Forgings and Castings for which steel scrap is a major raw material. Reusable material is also used in packaging manufactured goods.

The value of such recycled/reused items is not being captured at the moment.

- 4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

BHEL's business is B2B in nature and products/ systems we supply fall under capital goods category with long lifecycle (25 years and beyond). All the associated packaging material for supplies become the property of our customers that spread across the country and abroad. In this given situation, it is not feasible to reclaim the product (end of life) or packaging material from the customer.

- 5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

As explained in point 4 (previous point).

Principle 3: Employees' well-being

Essential Indicators

1. a. Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|--|---------------------------|------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|---------------------|--------------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent employees | | | | | | | | | | | |
| Male | 26996 | 26996 | 100% | 26996 | 100% | 0 | 0% | 26996 | 100% | 0 | 0% |
| Female | 1677 | 1677 | 100% | 1677 | 100% | 1677 | 100% | 0 | 0% | 1677 | 100% |
| Total | 28673 | 28673 | 100% | 28673 | 100% | 1677 | 5.85% | 26996 | 94.15% | 1677 | 5.85% |
| Other than Permanent employees* | | | | | | | | | | | |
| Male | 15764 | 15648 | 99.26% | 15648 | 99.26% | 0 | 0% | 0 | 0% | 0 | 0% |
| Female | 1597 | 1596 | 99.94% | 1596 | 99.94% | 1596 | 99.94% | 0 | 0% | 258 | 16.16% |
| Total | 17361 | 17244 | 99.33% | 17244 | 99.33% | 1596 | 9.19% | 0 | 0% | 258 | 1.49% |

BHEL extends medical facility to its employees and their dependents. The facility is extended to its employees/ spouse on superannuation/ death as well. Day care facilities are also extended in several premises including BHEL's manufacturing plants.

*In 'other than permanent employees' category, BHEL extends reimbursement of premium on Medical Insurance/ Accident Insurance to Consultants/ FTA.

b. Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|---------------------|--------------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent workers | | | | | | | | | | | |
| Male | 13846 | 13846 | 100% | 13846 | 100% | 0 | 0% | 13846 | 100% | 0 | 0% |
| Female | 361 | 361 | 100% | 361 | 100% | 361 | 100% | 0 | 0% | 361 | 100% |
| Total | 14207 | 14207 | 100% | 14207 | 100% | 361 | 2.54% | 13846 | 97.46% | 361 | 2.54% |
| Other than Permanent workers | | | | | | | | | | | |
| Male | 15648 | 15648 | 100% | 15648 | 100% | 0 | 0% | 0 | 0% | 0 | 0% |
| Female | 1596 | 1596 | 100% | 1596 | 100% | 1596 | 100% | 0 | 0% | 258 | 16.17% |
| Total | 17244 | 17244 | 100% | 17244 | 100% | 1596 | 9.26% | 0 | 0% | 258 | 1.50% |

BHEL extends medical facility to its employees and their dependents. The facility is extended to its employees/ spouse on superannuation/ death as well. Day care facilities are also extended in several premises including BHEL's manufacturing plants. In case of 'other than permanent workers', insurance is inbuilt in the Works contract.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

| | FY 2023-24 | FY 2022-23 |
|--|-------------------|-------------------|
| i) Cost incurred on wellbeing measures (well-being measures means well-being of employees and workers (including male, female, permanent and other than permanent employees and workers) (₹) | 1,69,41,00,000 | 1,59,99,00,000 |
| ii) Total revenue of the company (₹) | 2,44,80,70,00,000 | 2,38,79,75,00,000 |
| iii) Cost incurred on wellbeing measures as a % of total revenue of the company | 0.69% | 0.67% |

2. Details of retirement benefits, for Current and Previous Financial Year.

| Benefits | FY 2023-24 | | | FY 2022-23 | | |
|------------------------------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Y | 100% | 100% | Y |
| Gratuity | 100% | 100% | Y | 100% | 100% | Y |
| ESI * | - | - | - | - | - | - |
| Others (BHEL Pension scheme) | 100% | 100% | NA | 100% | 100% | NA |

As a retirement benefit apart from PF and Gratuity, all employees and workers are also covered under BHEL pension scheme.

* ESI is not applicable as BHEL extends medical facility scheme to all employees.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, BHEL's premises and office are accessible to differently abled employees and workers. The structural modifications and other changes (in policies, etc.) are made in accordance to the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the company takes affirmative action in recruitment and promotion for representation of employees from socio-economically backward sections of society, minorities, disabled personnel and women as mandated by the Government of India. The company is an equal opportunity employer, and does not discriminate on the basis of gender, race, caste, religion, language, region, disability etc. in recruitment and employment relationship.

In case of an employee retires prematurely on medical grounds, provisions of The Rights of Persons with Disabilities Act, 2016 are kept in consideration. Additionally, Transfer and Job Rotation policy mandated for applicability of Government guidelines for the transfers of PwD employees.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|--------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 100% | 100% | 100% | 100% |
| Female | 100% | 100% | 100% | 100% |
| Total | 100% | 100% | 100% | 100% |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

There is a well laid out grievance redressal mechanism through two schemes – one for workers and other for staff & officers. A grievance for the purpose of the scheme means a grievance of individual employee arising out of the implementation of Company policies/rules or Management Decisions. Both these schemes provide for three-tier resolution. Defined timelines are laid down for resolution of grievance at each stage. Besides, an appellate mechanism is also provided under the scheme, in the case of grievance redressal scheme for staff & officers, and aggrieved employee can approach in case he/she is not satisfied with the resolution of the grievance. For 'other than permanent employees/ worker', the grievances are settled on case to case basis or through the contractors as the case may be.

| | Yes/No (If Yes, then give details of the mechanism in brief) |
|--------------------------------|--|
| Permanent Workers | Yes |
| Other than Permanent Workers | Yes |
| Permanent Employees | Yes |
| Other than Permanent Employees | Yes |

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY 2023-24 | | | FY 2022-23 | | |
|----------------------------------|--|--|-----------|--|--|-----------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) Or Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| Total Permanent Employees | 28673 | 28673 | 100.00% | 29536 | 29536 | 100.00% |
| - Male | 26996 | 26996 | 100.00% | 27790 | 27790 | 100.00% |
| - Female | 1677 | 1677 | 100.00% | 1746 | 1746 | 100.00% |
| Total Permanent Workers | 14207 | 14207 | 100.00% | 14986 | 14986 | 100.00% |
| - Male | 13846 | 13846 | 100.00% | 14592 | 14592 | 100.00% |
| - Female | 361 | 361 | 100.00% | 394 | 394 | 100.00% |

BHEL has 29 participative trade unions represented in the apex level bipartite body, namely the Joint Committee for discussing workers' and Company's interest related issues, based on the principle of participative management.

All three categories of employees viz. executives, supervisors and workers are represented by their respective associations/ trade unions. However, since there is no check-off facility to ascertain the exact membership of executive/ supervisor associations and workers' unions, a firm number is not available.

8. Details of training given to employees and workers:

| Category | FY 2023-24 | | | | | FY 2022-23 | | | | |
|------------------|--------------|-------------------------------|--------------|----------------------|--------------|--------------|-------------------------------|--------------|----------------------|--------------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Male | 26996 | 3733 | 13.8% | 11466 | 42.5% | 27790 | 3869 | 13.9% | 12182 | 43.8% |
| Female | 1677 | 405 | 24.2% | 1118 | 66.7% | 1746 | 452 | 25.9% | 1029 | 58.9% |
| Total | 28673 | 4138 | 14.4% | 12584 | 43.9% | 29536 | 4321 | 14.6% | 13211 | 44.7% |
| Workers | | | | | | | | | | |
| Male | 13846 | 1289 | 9.3% | 3842 | 27.7% | 14592 | 1462 | 10.0% | 4031 | 27.6% |
| Female | 361 | 96 | 26.6% | 181 | 50.1% | 394 | 128 | 32.5% | 168 | 42.6% |
| Total | 14207 | 1385 | 9.7% | 4023 | 28.3% | 14986 | 1590 | 10.6% | 4199 | 28.0% |

9. Details of performance and career development reviews of employees and worker:

| Category | FY 2023-24 | | | FY 2022-23 | | |
|------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D / C) |
| Employees | | | | | | |
| Male | 26996 | 26996 | 100% | 27990 | 27990 | 100% |
| Female | 1677 | 1677 | 100% | 1746 | 1746 | 100% |
| Total | 28673 | 28673 | 100% | 29736 | 29736 | 100% |
| Workers | | | | | | |
| Male | 13846 | 13846 | 100% | 14592 | 14592 | 100% |
| Female | 361 | 361 | 100% | 394 | 394 | 100% |
| Total | 14207 | 14207 | 100% | 14986 | 14986 | 100% |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, Occupational Health and Safety Management System (OHSMS) is implemented across the company. Each and every employee of the company is covered under the OHSMS and the system is applicable at all the work places.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Company has robust systems & processes to identify the work-related hazards and assess risks on routine and non-routine basis. Some of them are mentioned below:

HIRA (Hazard Identification and Risk Assessment) – HIRA is implemented at all work places. This involves identification of hazards and attached risk for each and every process & activity in a comprehensive manner at every department level with the participation of all employees.

JSA (Job Safety Analysis) – It is essential that maintenance jobs and other repetitive jobs having accident potentials are analysed for hazards and adequate safety measures are laid down. This is done at the stage of planning for job / process. Procedures are being established to conduct JSA at work place. During Job safety Analysis, the procedure is to select the job based on frequent accidents, severity of injury and new job in which the accident potential is unknown, then divide the job into successive steps, then identifying the hazards at each step and develop ways to eliminate the hazards and prevent the accident potentials

Method Statement – It outlines the safe way of performing a specific job or accomplishing a project and ensure that necessary precautions or control measures are communicated to those involved. A method statement provides evidence that significant health & safety risks have been identified and there are safety systems in place.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, processes and procedures are in place for workers to report work related hazards and to remove themselves from such risks. Workers are made aware to identify the unsafe acts / unsafe conditions during the structured training programs organized on periodical basis at work places. The same can be reported through offline / online modes available at their respective work premises. Further, procedures are established to mitigate the reported cases in the system.

App based system 'HSE Observer' has been implemented for registration of work-related hazards/ unsafe acts / unsafe conditions at project sites. User can submit HSE violations/ issues, incidents/ near misses and good practices through the application. Any employee can register an HSE issue through the App and the role of Safety Officials is to report and highlight the issues. Also, for critical issues, work has to be stopped followed by reporting and resolution. Safety team is expected to highlight the issue in safety reviews and follow up for closure.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, employees and workers have access to non-occupational medical and healthcare services, offered through company operated health care facilities as well as external healthcare facilities which are compensated suitably as per the company policy. BHEL has ensured the availability of suitable medical facilities even at the remote work places.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2023-24 | FY 2022-23 |
|---|-----------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0 | 0 |
| | Workers | 0.444 | 0.475 |
| Total recordable work-related injuries | Employees | 0 | 0 |
| | Workers | 43 | 47 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 2 | 2 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 41 | 45 |

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

BHEL believes that the employees and people associated with other partner entities are important stakeholders and thus their health, safety and well-being becomes critical for business success. Company has been continuously working to reinforce systems, policies and procedures to achieve "Zero Harm" to the work force. Also, BHEL has been making every effort to strengthen the safety culture in the organization.

At BHEL, special initiatives are being taken to inculcate the safety values in the work force at all levels through structured training programs, safety reviews, work to permit system, HIRA & JSA, mega tool box talk, internal & external audits, etc. Awareness and sensitization are increased enormously by the help of HSE campaigns i.e. BHEL Safety Fortnight-2024 (March 4-17, 2024), Special Campaign 3.0 (October 2-31 2023), Swachhata Pakhwada-2023 (August 16-31, 2023), BHEL

Environment Awareness Month-2023 (June 5–4, 2023). Inter-unit competitions were organized in these campaigns to raise participation level of senior management.

The efforts taken by the company elucidate the intention towards providing safe and healthy environment for the human resource working for and with BHEL.

13. Number of Complaints on the following made by employees and workers:

| Benefits | FY 2023-24 | | | FY 2022-23 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | 0 | - | 0 | 0 | - |
| Health & Safety | 0 | 0 | - | 0 | 0 | - |

Systems are in place at respective premises of BHEL for registration of unsafe conditions related to safety. The same is addressed promptly by concerned departments, and it is a continuous ongoing process.

14. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100% |
| Working Conditions | 100% |

15. Provide details of any corrective action taken or underway to address safety-related (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Systems & Procedures are in place to conduct the regular safety inspections and safety internal & external audits at regular frequency. Corrective actions are being taken for all the observations given by the auditors (internal as well as external).

Also, Root Cause Analysis (RCA) are being conducted for all the safety-related incidences, and suitable corrective actions are being taken for the same. This is a continuous process / activity at BHEL.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, BHEL extends life insurance or compensatory package to employees and workers in the event of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

BHEL's value chain partners come under PF act and ESI act, which makes them liable to deposit statutory dues. Service contract between BHEL and service provider contains clause on 'payment terms' for necessary statutory payment like PF, ESI etc.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Nil. There are no eligible cases in respect of employees and workers, affected by high consequence work related injury/ ill-health/ fatalities during FY 2023-24 and FY 2022-23.

| | Total no. of affected employees/ workers | | No. of employees/ workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|------------|--|------------|
| | FY 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 |
| Employees | 0 | 0 | 0 | 0 |
| Workers | 43 | 47 | 0 | 0 |

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, BHEL provides transition assistance to facilitate continued employability and the management of career endings resulting from retirement or termination.

5. **Details on assessment of value chain partners:**

All of the BHEL's value chain partners comes under relevant labour laws and acts. Because of which both central and state labour department conduct periodic inspections in related to Health and Safety practices and working conditions at the premise of value chain partners. Any gaps identified are suitability addressed by the partners.

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|--|
| Health and safety practices | 100% |
| Working Conditions | 100% |

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Refer point 5 (previous point).

Principle 4: Stakeholder engagement

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Stakeholders which directly or indirectly impact BHEL's revenue earning capability, its ability to share benefits are identified as key stakeholders. As an example, suppliers or value chain partners are stakeholders w.r.t procurement and they are identified against registration process and also through pre-qualification requirements in open tenders.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), Others | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|--------------------------|---|--|--|---|
| Shareholders | No | Email, Newspaper Advertisement, Disclosure available on Stock Exchanges & BHEL Website | Engagement is done on Quarterly, Half yearly & Annual basis as well as whenever the event occurs | All material events affecting the Company as well as disclosures required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 |
| Suppliers | No | Email, Advertisement, Vendor meets, website etc. | Regular | To make suppliers aware of: <ul style="list-style-type: none"> Public Procurement Policy (Preference to Make in India) Import substitution Participating in tenders issued on GeM portal Lodging and tracking grievances on BHEL's grievance redressal portal, SUVIDHA BHEL's quality objectives |

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), Others | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|-------------------|--|---|--|---|
| Employees | No | Email, Monthly Newsletter, Notice Boards, Intranet Websites, Shop Floor, Shop Council, Plant Council and Joint Council Meetings | Monthly | Sharing monthly progress of the company and the business verticals, targets, achievements and department/section level concerns etc |
| Customers | No | Email, Advertisement, telephone calls, meetings, website etc | Regular | Assessment of customer needs, their requirement vis-à-vis existing capital good assets, complaints resolution, business enquiries etc |
| Communities | Yes | Meetings, local NGOs | Case-to-case basis | Assessing their problems that lead to their vulnerability and which hold back in attaining better standard of living |

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The most important forum for the shareholders of BHEL to have access to the Board of Directors is the Annual General Meeting of the Company. During these meetings, shareholders raise various queries regarding the performance, strategies and outlook of the Company, share their grievances as well provide valuable feedback regarding improvements in the Company performance, not only from a business perspective but also on critical economic, environmental and social topics/ areas.

BHEL value chain partners have access to Independent External Monitors (IEMs), who are nominated by CVC for consultation. They also can share their issues with Vigilance function of company during vendor meets etc. Business Associates meet are held for interactions with top management of BHEL, wherein the feedback received is addressed. Further, the Board is briefed on issues requiring their attention.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances

as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. Stakeholders have provided their support to various environmental & social endeavors of BHEL viz., indigenization of various items under “Aatmanirbhar Bharat”, utilization of solar energy & water harvesting capacity in BHEL’s factories & project sites, empowerment of woman employees etc. Supplier feedback received during interactions are taken care like benefits of MSEs through waiver of EMD, purchase preference, PQR relaxation etc.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

For underprivileged section of the community, BHEL spend on CSR projects after baseline survey is conducted by local NGOs. These local NGOs during their baseline surveys engage with communities and understand their needs and problems.

As part of engagement with vulnerable and marginalized stakeholders, BHEL has conducted 43 supplier meets including Micro & Small Enterprises, during the FY 2023-24.

Principle 5: Human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2023-24 | | | FY 2022-23 | | |
|------------------------|--------------|--|---------------|--------------|--------------------------------------|--------------|
| | Total (A) | No. of employees / workers covered (B) | % (B / A) | Total (C) | No. of employees workers covered (D) | % (D / C) |
| Employees | | | | | | |
| Permanent | 28673 | 5187 | 18.09% | 29536 | 3332 | 11.28% |
| Other than permanent | 17361 | 570 | 3.28% | 15638 | 534 | 3.41% |
| Total Employees | 46034 | 5757 | 12.51% | 45174 | 3866 | 8.56% |
| Workers | | | | | | |
| Permanent | 14207 | 2036 | 14.33% | 14986 | 1083 | 7.23% |
| Other than permanent | 17244 | 570 | 3.31% | 15638 | 534 | 3.41% |
| Total Workers | 31451 | 2606 | 8.29% | 30624 | 1617 | 5.28% |

Note: For company policy related program, only HR policy related are considered here

2. Details of minimum wages paid to employees and workers, in the following format:

| Category Total (A) | FY 2023-24 | | | | | FY 2022-23 | | | | |
|-----------------------------|------------|-----------------------|-----------|------------------------|-----------|------------|-----------------------|-----------|------------------------|-----------|
| | Total | Equal to Minimum Wage | | More than Minimum Wage | | Total | Equal to Minimum Wage | | More than Minimum Wage | |
| | No. (A) | No. (B) | % (B / A) | No. (C) | % (C / A) | Nos. (D) | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Permanent | 28673 | 0 | 0% | 28673 | 100% | 29536 | 0 | 0% | 29536 | 100% |
| Male | 26996 | 0 | 0% | 26996 | 100% | 27790 | 0 | 0% | 27790 | 100% |
| Female | 1677 | 0 | 0% | 1677 | 100% | 1746 | 0 | 0% | 1746 | 100% |
| Other than Permanent | 17361 | 7477 | 43.07% | 9884 | 56.93% | 15705 | 6225 | 39.64% | 9480 | 60.36% |
| Male | 15764 | 6862 | 43.53% | 8902 | 56.47% | 14495 | 5778 | 39.86% | 8717 | 60.14% |
| Female | 1597 | 615 | 38.51% | 982 | 61.49% | 1210 | 447 | 36.94% | 763 | 63.06% |
| Workers | | | | | | | | | | |
| Permanent | 14207 | 0 | 0% | 14207 | 100% | 14986 | 0 | 0% | 14986 | 100% |
| Male | 13846 | 0 | 0% | 13846 | 100% | 14592 | 0 | 0% | 14592 | 100% |
| Female | 361 | 0 | 0% | 361 | 100% | 394 | 0 | 0% | 394 | 100% |
| Other than Permanent | 17244 | 7477 | 43.36% | 9767 | 56.64% | 15639 | 6225 | 39.80% | 9414 | 60.20% |
| Male | 15648 | 6862 | 43.85% | 8786 | 56.15% | 14430 | 5778 | 40.04% | 8652 | 59.96% |
| Female | 1596 | 615 | 38.53% | 981 | 61.47% | 1209 | 447 | 36.97% | 762 | 63.03% |

3. Details of remuneration/salary/wages

a. Median remuneration/ wages

Salary/ wage structure of BHEL employee and workers are set as per the guidelines of DPE.

| | Male | | Female | |
|-----------------------------------|--------|---|--------|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD)*^ | 4 | ₹ 56,00,000 | 1 | ₹ 86,00,000 |
| Key Managerial Personnel^ | 1 | ₹ 49,00,000 | 0 | 0 |
| Employees other than BoD and KMP^ | 28667 | ₹ 12,00,000 | 27785 | ₹ 18,00,000 |
| Workers^ | 14207 | ₹ 10,00,000 | 14592 | ₹ 11,00,000 |

*Independent Directors are not considered. Total sitting fees paid to Independent Directors was ₹ 20,40,000 in FY 2023-24. Median sitting fees paid to Independent Director was ₹ 7,20,000 in FY 2023-24.

^Payments are excluding PP/SIP/PRP (performance linked payments) and reimbursements. Data pertains to employees on rolls as on 31 March 2024.

b. Gross wages paid to females are % of total wages paid by the entity, in the following format

| | FY 2023-24 | FY 2022-23 |
|---|-----------------|-----------------|
| Gross wages paid to females (₹) | 3,96,46,00,000 | 3,87,61,00,000 |
| Total wages (₹) | 56,40,17,00,000 | 53,19,44,00,000 |
| Gross wages paid to females as % of total wages | 7.03% | 7.29% |

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. Grievance Redressal officers are there in each BHEL premise for addressing human rights issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

There is a formal well laid out grievance redressal mechanism related to human rights issues. The mechanism provides for three-tier resolution. First stage with Controlling Officer, second stage with Head of the Department, third stage with Grievance Redressal Committee.

6. Number of Complaints on the following made by employees and workers:

| | FY 2023-24 | | FY 2022-23 | |
|-----------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
| | Filed during the year | Pending resolution at the end of year | Filed during the year | Pending resolution at the end of year |
| Sexual Harassment | 3 | 1 | 0 | 0 |
| Discrimination at workplace | 0 | 0 | 0 | 0 |
| Child Labour | 0 | 0 | 0 | 0 |
| Forced Labour/Involuntary Labour | 0 | 0 | 0 | 0 |
| Wages | 0 | 0 | 0 | 0 |
| Other human rights related issues | 0 | 0 | 0 | 0 |

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, in the following format:

| | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| i) Total complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013 (POSH) | 3 | 0 |
| ii) Female employees / workers | 1677 | 1746 |
| iii) Complaints on POSH as a % of female employees/ workers | 0.18% | 0 |
| iv) Complaints on POSH upheld | 2 | 0 |

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

As a preventive step, identity of complainant is known only to Internal Complaints Committee, and is protected. All meetings in the Enquiry (Complainant and Respondent) are never done face to face.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human rights requirement forms a part of business agreement or contract. The service contracts between BHEL and service provider contain a clause, meeting human rights requirement like child labour, minimum wages etc.

10. Assessments for the year:

All BHEL premises are periodically inspected by central and state labour departments, PF and ESI departments and other Government institutions or department for the compliance related to relevant law/ act/ statute and identifying gaps.

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|----------------------------------|---|
| Child Labour | 100% |
| Forced Labour/Involuntary Labour | 100% |
| Sexual Harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

No significant risk/ concern was identified.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

Upholding of Human Rights is central to the company's value system, and it strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed. The Company is committed to provide a safe inclusive environment for one and all, irrespective of the caste, colour, religion, gender, divyangjan etc. The same is ensured in company's policies, procedures and practices.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

Plants and offices are assessed periodically during the preventive/ statutory audit for ensuring compliance with all the Statutory laws/Regulatory requirement, and the rules made thereunder. The company also conducts training programmes/ sensitization sessions for its employees and trainees including apprentices on the subject.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. Refer Principle 3, Essential Indicator, Point 3.

4. Details on assessment of value chain partners:

Value chain partners of BHEL are assessed on Human Rights criteria by virtue of them coming under labor related laws/ acts/ statutes and these are assessed or inspected by relevant Govt department/ institution.

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------------|---|
| Sexual Harassment | 100% |
| Discrimination at workplace | 100% |
| Child Labour | 100% |
| Forced Labour/ Involuntary Labour | 100% |
| Wages | 100% |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

Principle 6: Environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|---|-------------------|-------------------|
| From renewable sources | | |
| Total electricity consumption (A) (in Giga Joules) | 115816.82 | 107216.00 |
| Total fuel consumption (B) (in Giga Joules) | 0 | 0 |
| Energy consumption through other sources (C) (in Giga Joules) | 0 | 0 |
| Total energy consumed from renewable sources (A+B+C) (in Giga Joules) | 115816.82 | 107216.00 |
| From non-renewable sources | | |
| Total electricity consumption (D) (in Giga Joules) | 879106.76 | 893815.00 |
| Total fuel consumption (E) (in Giga Joules) | 1642736.83 | 1758770.00 |
| Energy consumption through other sources (F) (in Giga Joules) | 0 | 0 |
| Total energy consumed from non-renewable sources (D+E+F) (in Giga Joules) | 2521843.59 | 2652585.00 |
| Total energy consumed (A+B+C+D+E+F) | 2637660.41 | 2759801.00 |
| Energy intensity per rupee of turnover (in kilo Joule per ₹ of turnover) (Total energy consumed/ Revenue from operations) | 11.04 | 11.55 |
| Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (in kilo Joule per \$ of turnover adjusted for PPP) (Total energy consumed/ Revenue from operations adjusted for PPP) | 252.61 | 264.30 |
| Energy intensity in terms of physical output | - | - |
| Energy intensity (optional) – the relevant metric may be selected by the entity | - | - |

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED.

PPP rates of currency conversion is taken from OECD Data website.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

None of the BHEL facilities has been identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme.

Refer Annexure – VII to the Board's Report, 7.1 Conservation of Energy

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|---|-----------------|-----------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | 0 | 0 |
| (ii) Groundwater | 4584022 | 5407690 |
| (iii) Third party water | 13772049 | 12961712 |
| (iv) Seawater / desalinated water | 0 | 0 |
| (v) Others | 0 | 0 |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 18356071 | 18369402 |
| Total volume of water consumption (in kilolitres) | 18356071 | 18369402 |
| Water intensity per rupee of turnover (Total water consumption/ Revenue from operations – Litre per ₹) | 0.077 | 0.079 |
| Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/ Revenue from operations adjusted for PPP – Litre per \$ of turnover adjusted for PPP) | 1.758 | 1.799 |

| Parameter | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Water intensity (optional) – the relevant metric may be selected by the entity | -- | -- |

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED.

4. Provide the following details related to water discharged

| Parameter | FY 2022-23 | FY 2021-22 |
|--|---------------|---------------|
| Water discharge by destination and level of treatment (in kilolitres) | | |
| (i) To Surface water | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| (ii) To Groundwater | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| (iii) To Seawater | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| (iv) Sent to third-parties | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | - | - |
| (iv) Others | | |
| - No treatment | - | - |
| - With treatment – please specify level of treatment | 142621 | 106680 |
| Total water discharged (in kilolitres) | 142621 | 106680 |

There are number of Sewage Treatment Plants (STPs), Effluent Treatment Plants (ETPs) and Oxidation Ponds established at our units which gives the desired level of treatment to our sewage/trade effluent generated. At most of the places, it is used inside the premises and not let out. However, at some of our premises, the treated effluent is discharged to municipal sewer, nallah, stream etc. after meeting the discharge norms.

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes. As a responsible corporate citizen, BHEL has set up 19 Sewage Treatment Plants & 20 Effluent treatment Plants to ensure that the water, which is discharged from our premises, conform to the effluent standards as per the statutory requirement and its quantity is minimized to the extent feasible. In this regard, 11 numbers of our manufacturing units are not letting out any effluent outside their premises. Treated effluent/ sewage is used for horticulture inside the plant to maintain the green area inside our campuses.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Unit | 2023-24 | 2022-23 |
|-------------------------------------|--------------|---------|---------|
| NOx | Metric Tonne | 105.06 | 136.59 |
| SOx | Metric Tonne | 103.38 | 164.28 |
| Particulate Matters (PM) | Metric Tonne | 203.8 | 344 |
| Persistent organic pollutants (POC) | Metric Tonne | - | - |
| Volatile organic compounds (VOC) | Metric Tonne | 2.45 | 5.17 |
| Hazardous air pollutants (HAP) | Metric Tonne | 7.35 | 9.4 |
| Others – Carbon Monoxide | Metric Tonne | 18.53 | 0.02 |

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | 2023-24 | 2022-23 |
|--|---|-----------|-----------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 111681.13 | 115744.00 |
| Total Scope 2 emissions* (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 174844.57 | 176528.46 |

| | | | |
|--|---|-------|-------|
| Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) | Gram of CO ₂ emitted per ` of turnover achieved | 1.199 | 1.25 |
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) | Gram of CO ₂ emitted per \$ of turnover achieved adjusted to PPP | 27.44 | 28.62 |
| Total Scope 1 and Scope 2 emission intensity in terms of physical output | | - | - |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | | - | - |

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED.

PPP rates of currency conversion is taken from OECD Data website.

* In Scope 2 emission calculation, earlier project level emission methodology was being used which has been changed to corporate level emission resulting in restatement of Scope-2 emission

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes. BHEL has set up nearly 35 MWp of capacity of Solar Power plants including rooftop ones which has helped the organization in reducing its GHG Emissions. This large-scale solarisation has helped us in carbon footprint avoidance to the tune of 23,033 MTCO₂-equivalent during FY 2023-24.

Furthermore, conventional burners of reheat furnaces are replaced with regenerative based combustion system at CFFP Haridwar. This has been implemented in 6 numbers of reheat furnaces with a potential of annual savings of 30% in fuel consumption (~ 27.60 lakhs m³)

Energy conservation/ efficiency related projects are regular feature in our units which helps us in demand side management of energy and consequently reducing the associated carbon emission which would have occurred otherwise at enhanced level

Refer Annexure – IV to the Board’s Report, 4.1.2 Energy Management

Refer Annexure – IV to the Board’s Report, 4.1.4 Carbon Management

Refer Annexure – VII to the Board’s Report, 7.1 Conservation of Energy

9. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A)* | 91.29 | 68.98 |
| E-waste (B) | 36.36 | 42.17 |
| Bio-medical waste (C) | 16.34 | 6.51 |
| Construction and demolition waste (D) | 157.20 | 0 |
| Battery waste (E) | 77.59 | 88.10 |
| Radioactive waste (F) | 0 | 0 |
| Other Hazardous waste. Please specify, if any. (G) | 1187.71 | 1278.90 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | 51011.95 | 45944.15 |
| Total (A+B + C + D + E + F + G + H) | 52578.44 | 47428.81 |
| Waste intensity per rupee of turnover (Total waste generated / Revenue from operations) – Gram per ₹ | 0.22 | 0.20 |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) – Gram per \$ in PPP | 5.034 | 4.645 |
| Waste intensity in terms of physical output | - | - |

| | | |
|--|-----------------|-----------------|
| Waste intensity (optional) – the relevant metric may be selected by the entity | - | - |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | 311.98 | 94.06 |
| (ii) Re-used | 465.83 | 669.37 |
| (iii) Other recovery operations | 0 | 0 |
| Total | 777.81 | 763.43 |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| (i) Incineration | 10.72 | 6.92 |
| (ii) Landfilling | 157.26 | 1359.29 |
| (iii) Other disposal operations | 38773.65 | 27615.08 |
| Total | 38941.63 | 28981.29 |

*Quantity of plastic waste disposed during the year to authorized agency.

In table above, 'other disposal operations' include the data for sale of the scrap through e-auction/ other means to external agencies for recycle/reuse/recovery as well. After considerable amount of scrap is accumulated, it is sold to the agency for final disposal

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED.

PPP rates of currency conversion is taken from OECD Data website.

Refer Annexure – IV to the Board's Report, 4.1.1 Responsible Material & Natural Consumption

Refer Annexure – IV to the Board's Report, 4.1.3 Water and Biodiversity Management

Refer Annexure – IV to the Board's Report, 4.1.5 Waste Management

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

In our manufacturing activity, reduction of waste generation is taken as a very important activity, and our nesting plan for cutting of metal sheet is prepared accordingly. However, once the scrap is generated, it is

either used in the local foundry shop for making castings/ forgings or sent to authorized recycler for melting into the furnace for avoidance of new raw material consumption.

Across BHEL, solid wastes/ scrap having resale value were collected, segregated, stored and sold to authorized recyclers. Some of it, not having any resale value, is used for filling up low lying areas. Hazardous wastes/ e-waste are disposed of as per the stipulations in the relevant statutes.

The hazardous waste generated at units are disposed as per the regulatory requirement and necessary records for scrutiny of authority is duly maintained. Hazardous waste, which can be used outside, is sent to authorized recyclers. Rest of the hazardous waste, which is to be incinerated or buried in secured landfill, is sent to Treatment Storage and Disposal Facility (TSDF) of their respective states for ultimate disposal of such hazardous wastes.

Refer Annexure – IV to the Board's Report, 4.1.1 Responsible Material & Natural Consumption

Refer Annexure – IV to the Board's Report, 4.1.3 Water and Biodiversity Management

Refer Annexure – IV to the Board's Report, 4.1.5 Waste Management

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not applicable

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, BHEL is compliant with the applicable environmental law/ regulations/ guidelines in India.

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres) :

For each facility / plant located in areas of water stress, provide the following information:

- i Name of the area: NIL
- ii Nature of operations: NIL
- iii Water withdrawal, consumption and discharge– Not Applicable

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2023-24 | FY 2022-23 |
|---|---|------------|------------|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | - | - |
| Total Scope 3 emissions per rupee of turnover | | - | - |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | - | - |

Data pertaining to Scope 3 emissions not being quantified at

| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|--------|---|--|--|
| 1. | Upgradation from conventional to regenerative burners-based combustion system at CFFP Haridwar | Implemented on 6 Nos of reheat furnaces | Potential annual savings of 30% in fuel consumption (Approx. 27.60 lakhs m ³) |
| 2. | Centralised monitoring of manufacturing facilities through inhouse developed Industrial Internet of Things platform | Implemented on more than 100 machines / plants | Potential Power Savings: upto 4% Predictive Maintenance: Breakdown time reduction upto 10%. |

the moment. However, in following ways company is making efforts to reduce Scope 3 emissions

- i At many energy intensive units, we have switched over from LPG to RLNG which is being supplied through the pipeline and thereby avoiding scope-3 emissions associated with carriage of the fuel through roadways to that extent
- ii Employees are encouraged to pool their cars for commute to save energy and avoid Scope-3 emissions

Yes, assessment/ evaluation/ assurance has been carried out by BUREAU VERITAS (INDIA) PRIVATE LIMITED

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|--------|---|--|--|
| 3. | Zero Liquid Discharge | For prevention of water pollution and sustainable management of wastewater the company has established 20 Effluent Treatment Plants (ETPs) and 19 Sewage Treatment Plants (STPs). Through these ETPs/STPs effluent is treated and reused inside our premises for process, toilet flushing, gardening etc. This has resulted in making our 11 units as Zero Liquid Discharge entities. | Due to non-discharge of effluent outside the premises, company has avoided land and water pollution |
| 4. | Single use plastic free townships (SUPF Townships) | BHEL townships has been declared as single use plastic free through 3 rd Party Audit. Internal Audits and annual Audit of the status of SUPF is being carried out in all townships religiously making the residents aware about plastic menace | BHEL Townships has been developed as sustainable habitats and citizens have developed a habit of avoiding single use plastic resulting in avoidance of land & water pollution on account of plastic waste. |
| 5. | Pledge for conservation of existing verdant cover and augmenting it further | During 2023-24, BHEL became a part of World Economic Forum's (WEF's) one trillion trees initiative by taking a pledge on 1t.org. It is a World Economic Forum's (WEF's) initiative aiming to empower the reforestation community and ensure the conservation and restoration of one trillion trees. BHEL has taken a pledge to conserve 3 million existing trees in its campuses and augment the same further by planting more saplings. Company has created 3 Miyawaki forests at manufacturing units in this regard. | The initiative has led to development of nice verdant cover in BHEL premises. As a consequence, lower temperature is observed in BHEL premises as compared to surroundings and increased biodiversity. |

As a responsible global citizen, the organization acknowledges the relation between Green House Gas (GHG) emissions and climate change. To address this global challenge, BHEL has been putting efforts in reducing carbon footprint of its products and services, thereby enabling the customers to generate power in a sustainable manner, with reduced environmental footprints over the life cycle of the plant. In internal operations also, the organization is putting a major thrust on energy efficiency and use of renewable energy sources. The company has established a total of 35 MWp of Solar Photo Voltaic (ground mounted and roof-top) plants at various BHEL locations which have helped the company in making its energy mix more sustainable. Company's inventory of renewable application also includes solar water heaters, solar street lighting etc. The Company has also taken a number of projects related to water and energy conservation, tree plantation, waste management, resource conservation, etc.

Refer Annexure – IV to the Board's Report, Sustainability Performance – Environmental

Refer Annexure – VII to the Board's Report, Conservation of Energy

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, BHEL has a business continuity and disaster management plan. Same was acted upon during COVID-19 outbreak. Business continuity plan and/ or disaster management plan were not published on internet.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No significant impact came to notice.



7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

100% of value chain partners were assessed for environmental impact by virtue of them coming under environment related laws/ acts/ statutes and these are assessed or inspected by relevant Govt department/ institution. BHEL’s contract document with the value chain partner, contain practices to be followed with respect to Environment, and BHEL takes undertaking from them in this regard. However, BHEL is yet to adopt the practice of directly assessing value chain partner for environmental impacts.

Principle 7: Policy advocacy

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

Ten (10) affiliations.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|--|---|
| 1 | CIGRE India | International |
| 2 | Indian Electrical and Electronics Manufacturers’ Association (IEEMA) | National |
| 3 | Confederation of Indian Industry (CII) | National |
| 4 | Federation of Indian Chambers of Commerce & Industry (FICCI) | National |
| 5 | Standing Conference of Public Enterprises (SCOPE) | National |
| 6 | Engineering Export Promotion Council of India (EEPC) | National |
| 7 | Project Exports Promotion Council of India (PEPC) | National |
| 8 | PHD Chamber of Commerce and Industry | National |
| 9 | Central Board of Irrigation & Power (CBIP) | National |
| 10 | Associated Chambers of Commerce and Industry of India (ASSOCHAM) | National |

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

No instance of anti-competitive conduct by BHEL has been raised

Leadership Indicators

1. Details of public policy positions advocated by the entity:

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly/ Others – please specify) | Web Link, if available |
|--------|---|--|--|--|------------------------|
| 1. | 'BHEL SAMVAAD 3.0 - Dialogue with Success Partners of BHEL for promoting 'AatmaNirbhar Bharat' and Capacity Building in the Country (अनुसन्धान से आत्मनिर्भरता की ओर, BHEL की एक और पहल') | BHEL under the guidance of MHI conducted the event on 9 Nov 2023 at Bharat Mandapam, New Delhi. | Yes | - | - |
| 2. | Manthan - "मंथन - लोकल से ग्लोबल : भारत-विनिर्माण से आत्मनिर्भरता" organized by Ministry of Heavy Industries, Gol | Industry association presented challenges/ growth on behalf of industry players during event on 22 Nov 2023 at Yashobhoomi, New Delhi. | Yes | - | - |
| 3. | Participation in various activities/ inputs to boost Capital Goods Sector, Public Sector Enterprise Council etc. | Through interaction with Industrial Bodies (CII, FICCI), Government Ministries viz. MHI, MoP, etc. | No | - | - |
| 4. | Facilitation of international trade and collaboration | Through inputs to Industry Bodies/ Government agencies for FTAs, etc. | No | - | - |
| 5. | Inputs on matters such as Customs, Export promotion & Export incentives | Pre-budget memorandum for Budget 2024-25 | No | - | - |

Principle 8: Inclusive growth

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Community raises their grievances, through Centralised Public Grievance Redress and Monitoring System (CPGRAMS)/ Public Grievance Portal, which are then assigned to Public Grievance Officer in BHEL.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2023-24 | FY 2022-23 |
|--|------------|------------|
| Directly sourced from MSMEs/ small producers | 32.18% | 32.55% |
| Sourced directly from within the district and neighbouring districts | 10% | 10% |

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/ on contract basis) in the following locations, as % of total wage cost

| Location | FY 2023-24 | FY 2022-23 |
|--|----------------|----------------|
| Rural | | |
| i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) | 3297773379 | 3060520693 |
| ii) Total Wage Cost | 56401700000.00 | 53194400000.00 |
| iii) % of Job creation in Rural areas | 5.85% | 5.75% |
| Semi-urban | | |
| i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) | 13713313292 | 12734123081 |
| ii) Total Wage Cost | 56401700000.00 | 53194400000.00 |
| iii) % of Job creation in Semi-urban areas | 24.31% | 23.94% |
| Urban | | |
| i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) | 14102494878 | 13238100930 |
| ii) Total Wage Cost | 56401700000.00 | 53194400000.00 |
| iii) % of Job creation in Urban areas | 25.00% | 24.89% |
| Metropolitan | | |
| i) Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) | 24435039231 | 23274957187 |
| ii) Total Wage Cost | 56401700000.00 | 53194400000.00 |
| iii) % of Job creation in Metropolitan areas | 43.32% | 43.75% |

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by Government bodies:

Amount spent on CSR projects in designated aspirational districts during FY 2023-24 are

| S. No. | State | Aspirational District | Amount Spent (in ₹ Lakh) |
|--------|--|--|--------------------------|
| 1 | Uttar Pradesh | Chandauli, Varanasi | 1,00,07,037 |
| 2 | Odisha | Kandhamal | 52,58,790 |
| 3 | Pan India (other than mentioned above) | Pan India (other than mentioned above) | 15,64,000 |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes/No)

Yes

(b) From which marginalized / vulnerable groups do you procure?

Company has been supporting Micro and Small Enterprises

(MSEs) as they tend to employ a larger share of the vulnerable sectors of the workforce, such as women, youth, and people from poorer households. Regular Vendor Meets and Supplier development programs are being organized by BHEL units, specifically for MSEs (including local suppliers) as well as specific to SC/STs, which serve as a platform for identification of needs and formulation of action plan for mutual benefits. Further, preferences as mandated in the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order for MSEs (issued by Ministry of MSME-Gol), are followed.

Further, BHEL complied with the provisions of DPE relating to TReDs and cleared 100% Invoices of Goods & Services through TReDS Portal within specified timeline.

(c) What percentage of total procurement (by value) does it constitute?

BHEL procured 32.18% of its procurement from MSMEs in FY 2023-24.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year) based on traditional knowledge:

Company does not own or acquired Intellectual Property based on traditional knowledge. However, company has invested in Research & Development of products/ technologies and acquired Intellectual Properties based on knowledge derived through scientific evidences.

Refer Annexure –VI to the Board's Report of Annual Report, Research & Development and Technological achievements

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes where in usage of traditional knowledge is involved.

No Intellectual Property dispute regarding usage of traditional knowledge during FY 2023-24 as BHEL does not own or acquired Intellectual Property based on traditional knowledge.

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|--------|--|---|--|
| 1 | Financial support to Sulabh International, Lucknow for construction, operation and maintenance of Sulabh Toilet Complex at 11 Places in Varanasi and Chandauli | 190000 | 100% |
| 2 | Financial support to the "Professional Assistance for Development Action (PRADAN), NOIDA" for the project: Motivating AgRarian communities of Kandhamal (Odisha) for their Economic Transformation | 9070 | 100% |

Principle 9: Customer value

Essential Indicator

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Customer value is prominent part of BHEL's culture and is reflected in our Vision, Mission and Values statement. The company constantly focusses to create value for customers through products and services.

Complaints of customers are received through various channels like letters, emails, phone calls and during meetings. The complaints are subsequently escalated for resolution.

All major quality issues reported are being taken up for Root Cause Analysis (RCA) and are being resolved through RCA committees. Apart from complaints, customer feedback is taken through customer satisfaction surveys, customers' meets, face-to-face interactions, video-conferencing and appreciation letters.

2. Turnover of Products and/services as a percentage of turnover from all products/services that carry information about "Environmental & social parameters relevant to the product", "Safe and responsible usage" and "Recycling and/or safe disposal".

BHEL products are capital goods and hence have long operating life of 25 years. The products/ systems are offered to customers with manuals covering safety, operating in environmental friendly manner etc. The same aspects are covered in training of customer personnel by BHEL.

3. Number of consumer complaints in respect of the following:

| | FY 2023-24 | | Remarks | FY 2022-23 | | Remarks |
|--------------------------------|--------------------------|--------------------------------|---------|--------------------------|--------------------------------|---------|
| | Received during the year | Pending resolution end of year | | Received during the year | Pending resolution end of year | |
| Data privacy | 0 | 0 | - | 0 | 0 | - |
| Advertising | 0 | 0 | - | 0 | 0 | - |
| Cyber-security | 0 | 0 | - | 0 | 0 | - |
| Delivery of essential services | Not applicable | | | | | |
| Restrictive Trade Practices | 0 | 0 | - | 0 | 0 | - |
| Unfair Trade Practices | 0 | 0 | - | 0 | 0 | - |
| Other | - | - | - | - | - | - |

4. Details of instances of product recalls on account of safety issues:

There are no instances of product recall that happened on account of safety issues.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, BHEL has an approved cyber security policy, which is internal to the organisation. Moreover, BHEL is in B2B business and does not deal with individual customers. Hence, any individual customer data is not stored.

Refer 'Data and Cyber Security' in Report of the Board of Director

6. Provide details of any corrective actions taken on Underway on issues relating of advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches
One instance of data breach happened during the year.
- b. Percentage of data breaches involving personally identifiable information of customers
Nil (0%)
- c. Impact, if any, of the data breaches

A ransomware incident on BHEL IT system occurred in January 5-6, 2024 night. The incident was reported to Computer Emergency Response Team (CERT-In), National Critical Information Infrastructure Protection Centre (NCIIP) and an online FIR was lodged with National Cyber Crime Reporting Portal. The impact of ransomware incident was seen mainly in few services like e-Office (file movement system), e-mail and File sharing server. Owing to robust cyber security measures and Disaster Recovery mechanism in place, the impacted services were restored successfully without any data loss and financial impact.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on products and services of BHEL can be accessed from www.bhel.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Operation Manual and Training on products or systems are provided to customers as per the contractual requirements. Furthermore, technical advisories are issued to customers for safe O&M of BHEL supplied machines on case-to-case basis.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

BHEL is in regular touch with its customers and any disruptions (e.g. due to pandemic in the recent past) are informed by emails, letter and any other communication means agreed to in the Contract/ Purchase Order. Further, proactive interactions with customers based on Performance Monitoring reports of the installed machines or customer feedback, helps in averting disruption of operations at the customer premise. Periodic communications in form of letters or other digital means are issued to customer about their machines which are due for overhaul or mandatory inspections.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. All the required and standard information are displayed on the products dispatched by BHEL.

Yes. BHEL conducts customer satisfaction survey for major products/ services. However, no survey was conducted during FY 2023-24.

**For and on behalf of the Board of Directors of
BHARAT HEAVY ELECTRICALS LTD.**



K. Sadashiv Murthy

Chairman & Managing Director

Place: New Delhi
Date: July 27, 2024



Independent Assurance Statement



To

Bharat Heavy Electricals Limited (BHEL).

BHEL House, Siri Fort, New Delhi-110049 (India)

Introduction and Objective of Work

BUREAU VERITAS has been engaged by Bharat Heavy Electricals Limited (hereinafter abbreviated as “BHEL”) to conduct an independent assurance of the Business Responsibility and Sustainability Report Core (hereinafter abbreviated as “BRSR Core”), consisting of the Key Performance Indicators (KPIs) under Environment, Social and Governance (ESG) attributes, which are mentioned in Annexure I, as prescribed under the Securities and Exchange Board of India (SEBI) Circular dated 12th July, 2023.

Intended User

The assurance statement is made solely for “BHEL and its stakeholders” as per the governing contractual terms and conditions of the assurance engagement contract between “BHEL” and “Bureau Veritas”. To the extent that the law permits, we owe no responsibility and do not accept any liability to any party other than “BHEL” for the work we have performed for this assurance report or our conclusions stated in the paragraph below.

Reporting Criteria

Reporting Framework based on BRSR Core, Business Responsibility and Sustainability Report as per Annexure 1 of the SEBI circular (SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122,) dated July 12, 2023) BRSR Core KPIs.

The reported information of BRSR core based on following nine ESG attributes:

1. Green-house gas (GHG) footprint
2. Water footprint
3. Energy footprint
4. Embracing circularity - details related to waste management by the entity
5. Enhancing Employee Wellbeing and Safety
6. Enabling Gender Diversity in Business
7. Enabling Inclusive Development
8. Fairness in Engaging with Customers and Suppliers
9. Open-ness of business

Assurance Standards Used

Bureau Veritas conducted reasonable assurance of BRSR Core in accordance with the requirements of the International Federation of Accountants (IFAC), International Standard on Assurance Engagement (ISAE) 3000 (Revised) Reasonable Assurance & GHG as per "Assurance Engagements on Greenhouse Gas Statements" ISAE 3410. Under this standard, Bureau Veritas has reviewed the information presented in the report against the characteristics of relevance, completeness, materiality, reliability, neutrality, and understandability.

Scope and Boundary of Assurance

The scope of assurance involves evaluating the sustainability performance of non-financial disclosures for the period from 1st April 2023 to 31st March 2024, based on BRSR Core requirements.

Reporting Boundary: Only the standalone operations of BHEL.

As part of its independent reasonable assurance, we assessed the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported.

Independent Assurance Statement



The Scope of Assurance for BRSR Core includes:

- An assessment of the procedures or approaches followed for data compilation and reporting of the sustainability performance non-financial disclosures for specific operations.
- Testing, on a sample basis, of evidence supporting the data.
- Verification of the sample data evidence and information on selected material topics reported at the above-mentioned operations for the defined reporting period.
- Assessment of the suitability between the backup data for the selected sustainability performance non-financial disclosures and the information presented as per BRSR Core requirements.
- The General and topic-specific sustainability non-financial standard disclosures are subject to limited assurance based on the extent of information available for assurance.
- Completion of assurance statement for inclusion in the report reflecting the verification, findings, and conclusion of the disclosure's assurance.

The Methodology Adopted for Assurance

Bureau Veritas' sustainability assurance process involves specified procedures to obtain evidence regarding the accuracy and reliability of the data provided related to BRSR core disclosures. The nature, timing, and extent of procedures selected depend on the data and evidence provided, including the verification of the associated risks with the material topics of the selected sustainability non-financial disclosures and their relevance for the reporting period.

As per the scope of the assurance, sample evidence, information, and explanations that were considered necessary in relation to the assurance scope and following conclusions have been made:

- Assessed the report preparation in accordance with BRSR Core parameters applicable to BHEL operations.
- Evaluated the appropriateness of various assumptions used for data estimation and reviewed the report to ensure no misrepresentation of disclosures within the scope of assurance.
- Assessed adherence to the BRSR framework for Reasonable Assurance of Core parameters, including the principles of materiality, inclusivity, and responsiveness, and evaluated the systems used for data compilation and reporting.
- Verified systems and procedures for quantification, collation, and analysis of sustainability performance disclosures included in the report through site visits.
- Discussed with corporate office officials to understand sustainability risks and opportunities, BHEL's strategy to address them, and assessed the month-wise data for similarity, reliability, and accuracy.
- Evaluated the stakeholder engagement process through interactions with relevant internal stakeholders and review of related documentation. Reviewed the materiality assessment process and the processes for collection, compilation, and reporting of sustainability performance disclosures at the corporate and operational levels.
- Reviewed claims and data streams to determine the accuracy of statements in the report and the reliability of specified sustainability performance – Non-Financial Disclosure Assurance. Executed an audit trail of claims and data streams to determine the accuracy of data collection, transcription, and aggregation.
- Reviewed plans, policies, and practices pertaining to Environmental, Social, and Governance aspects to assess and evaluate the adequacy and fairness of BRSR Core reporting. Ensured the

Independent Assurance Statement



reports provide a balanced and reasonable representation of the organization's positive and negative contributions toward sustainable development.

- Assessed the reporting procedures for GHG emissions evaluated the appropriateness and reliability of various assumptions and calculations adopted for data estimation.
- Reviewed the report, supporting evidence, and documented data to ensure no misrepresentation of disclosures within the scope of assurance and findings.
- Discussed data presented in the report and the associated backup data with concerned personnel at BHEL Headquarters Corporate Level and operational level.
- Reviewed sustainability performance non-financial disclosures data based on data provided for respective units, including related backup, site visits to BHEL's operations and discussions with the concerned personnel.

Limitations and Exclusions

The assurance is limited to the above-mentioned scope of work and excludes the information relating to:

- Data related to the Company's financial performance disclosures.
- Activities and practices followed outside the defined assurance period stated hereinabove.
- Positional statements, expressions of opinion, belief, aim, or future intention by "BHEL" and statements of future commitment.
- The assurance does not extend to the activities and operations of "BHEL" outside of the scope and geographical boundaries mentioned in the report as well as the operations undertaken by any other entity that may be associated with or have a business relationship with "BHEL".
- Compliance with any Environmental, Social, and legal issues related to the regulatory authority.
- Any of the statements related to company aspects or reputation.

Our Findings

On the basis of our methodology and the activities described above,

- Nothing has come to our attention to indicate that the BRSR disclosures are inaccurate or that the information included therein is not fairly stated.
- It is our opinion that Company has established appropriate systems for the collection, aggregation, and analysis of data on Sustainability/Non-Financial performance disclosures in the BRSR.
- The BRSR disclosure on core parameter provides a fair representation of the Company's activities as included therein.
- The information is presented in a clear, understandable, and accessible manner, and allows readers to form a balanced opinion over the Company and status during the reporting period.
- BHEL's data and information on BRSR core disclosures for the period of 01 April 2023 to 31 March 2024 included in the Report, is, in all material respects, in accordance with the SEBI's BRSR guidelines.

Management Responsibility

BHEL is completely responsible for the report contents, identification of material topics, and data reporting structure. The selection of reporting criteria, reporting period, reporting boundary, monitoring, and measurement of data, preparation, and presentation of information for the report are the sole responsibility of the management of "BHEL". Bureau Veritas (BV) was not involved in the drafting or preparation of the report and any other backup data for the reporting period. The

Independent Assurance Statement



responsibility of BV was to provide reasonable independent assurance for the sustainability of non-financial disclosures as described in the scope of assurance.

The said assessment is properly based on the assumption that the data and information provided in the report are proper and without any discrepancy. Bureau Veritas shall not be held liable or responsible for any type of decision a person or entity would make based on this assurance statement. While reading the assurance statement, stakeholders shall recognize and accept the limitations and scope as mentioned above.

Uncertainty

The reliability of assurance is subject to uncertainty(ies) that is inherent in the assurance process. Uncertainties stem from limitations in quantification models used, assumptions, or data conversion factors used or may be present in the estimation of data used to arrive at results. Our conclusions with respect to this assurance are naturally subject to any inherent uncertainty(ies) involved in the assurance process.

Statement of Independence, Impartiality, and Competence

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social, and Environmental Management with almost 195 years of history in providing independent assurance services. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with "BHEL", its Directors, Managers, or officials beyond that required of this assignment. We have conducted this verification independently and there has been no conflict of interest.

Competence

The assurance team has extensive experience in conducting assurance over environmental, social, ethical, and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Restriction on use of Our Report

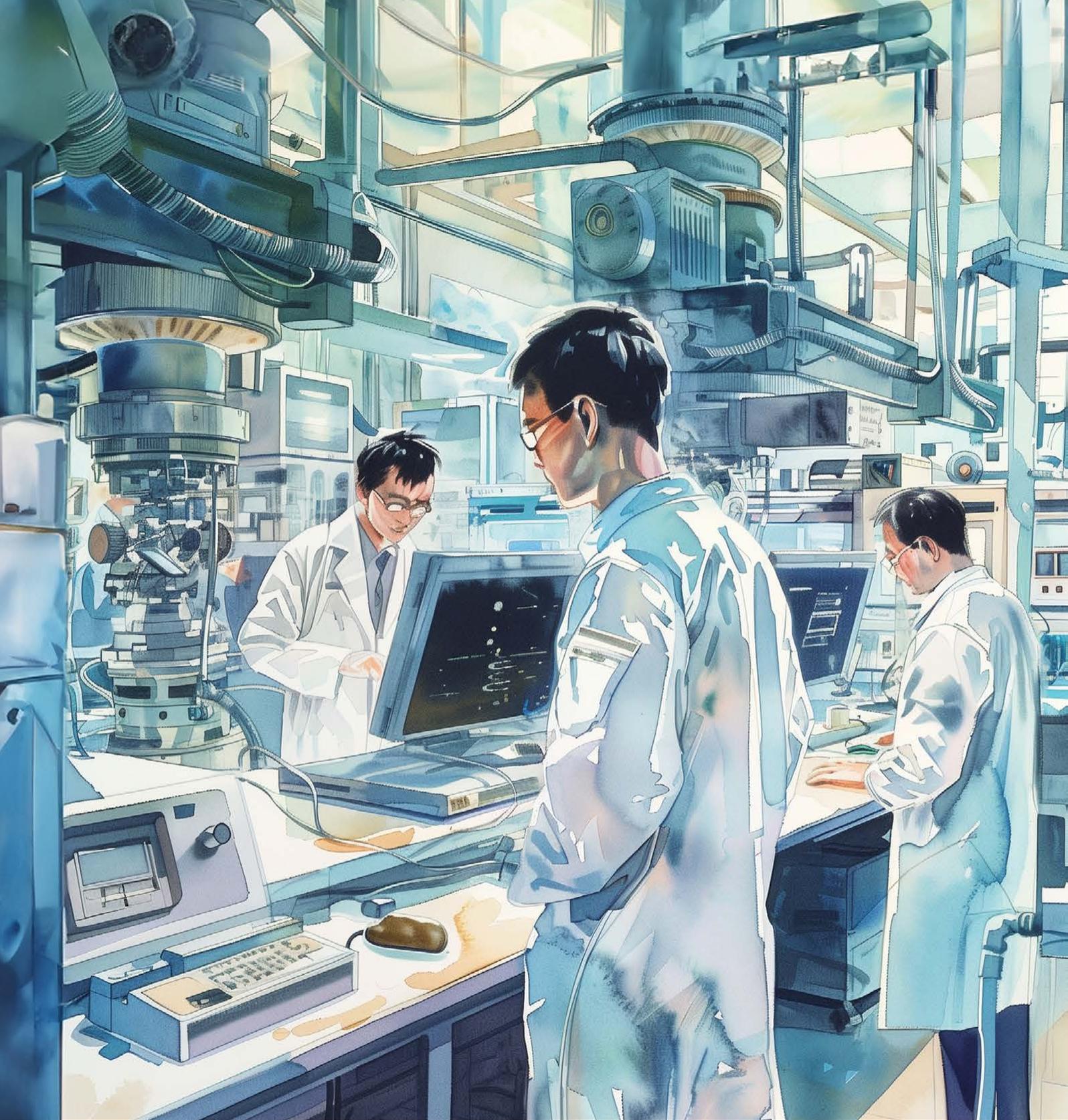
Our Reasonable assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the company solely to assist the company in reporting on the Company's Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

Amit Kumar
Lead Assurer
Bureau Veritas India Private Limited

New Delhi, India
Date: July 19, 2024

Munji Rama Mohan Rao
Technical Reviewer
Bureau Veritas India Private Limited

Hyderabad, India
Date: July 19, 2024



RESEARCH & DEVELOPMENT AND TECHNOLOGICAL ACHIEVEMENTS

Annexure – VI to the Board's Report Research & Development and Technological Achievements

6.1 R&D Strategy

BHEL is committed towards developing innovative technologies & solutions and substantially invests in R&D for creation of intellectual property. In FY 2023-24 around ₹700 Crores were invested in R&D surpassing 2.5% of Revenue, resulting in 543 patents and copyrights filed, taking total IPR capital in excess of 5,650 (numbers) as on March 31, 2024. Also, in the year, nearly 18% of the company's revenues were generated from products, systems, and services developed in-house.

Significant Initiatives and Achievements

- **High Efficiency Thermal Power Plants-** BHEL's focus on clean coal technologies such as coal gasification and Advance Ultra Super Critical (AUSC) technology for balancing energy security, economic growth, and environmental sustainability and promoting cleaner and more efficient coal-based power generation solutions.
- **Clean Coal Technologies-** BHEL has showcased clean coal technologies through the indigenous design, installation, and demonstration of a 1.2 TPD coal to 0.25 TPD Methanol Generation Plant in Hyderabad, using BHEL's in-house developed Pressurised Fluidised Bed Gasification (PFBG) technology for gasification of high-ash Indian coal.

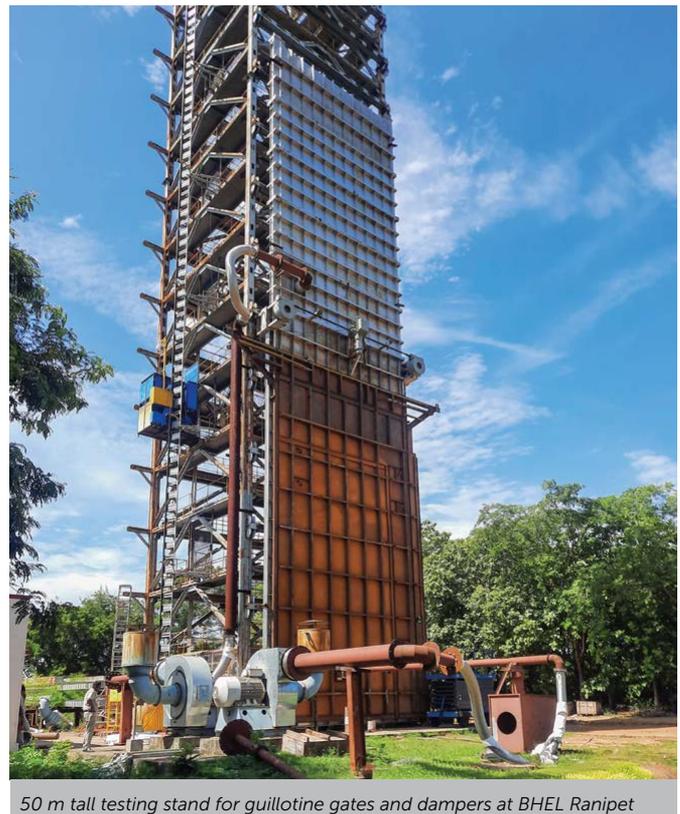
To commercialise the clean technology, BHEL has established a Joint Venture company with Coal India Limited (CIL) for setting up a Coal-to-Ammonium Nitrate Plant. The JV company has been incorporated with the name – Bharat Coal Gasification and Chemicals Limited.
- **Rail Transportation-** BHEL's active pursuit of self-sufficiency and enhancement of in-house capabilities in the rail transportation sector manifest its commitment towards modernisation and indigenisation drive of Indian Railways.
- **Defence & Aerospace-** BHEL's collaborations with esteemed customers and Industry bodies demonstrate its commitment towards supporting India's defence preparedness, technological advancement, and strategic autonomy.
- **Technology Collaborations-** BHEL is strategically positioning itself to capitalize on emerging technologies and drive growth through collaborations with established Global players (BHEL has 13 active TCAs as on 31st March 2024).

The Company is committed to establishing a robust knowledge ecosystem within the organization as well as continuous reskilling of its engineering workforce. A specific area of focus for BHEL is engineering optimization, achieved through design optimization and streamlining product cycle times. This strategic approach aims at driving cost reduction and improving overall efficiency across BHEL products.

Achievement during the year

BHEL's R&D efforts towards development of new/ improved products, processes and systems have resulted in following major developments:

- Two sets of Well Head & X-MAS Tree Valve System of 15,000 PSI rating to ONGC being imported till now by ONGC.
- Surface units (160D, 456D, 640D (new variants)) of Sucker Rod Pump (also known as Beam Pumping unit) for oil rig applications. API certification has also been obtained for the same.
- Methanol to DME (Di-Methyl Ether) conversion technology and demonstrated through pilot plant at Corp R&D to generate DME of high purity that is suitable for blending with LPG.
- Largest size Guillotine Gate (duct size of 14m (height) x 7m (width)) which achieved leak tightness efficiencies of 99.95% (without seal air) & 100% (with seal air).



50 m tall testing stand for guillotine gates and dampers at BHEL Ranipet



- Direct drive train system for E-mobility applications comprising (i) 145kW, 6-Phase liquid cooled Permanent Magnet Motor and (ii) 360kVA, 6-Phase Traction Controller. The system has been successfully tested at Automotive Research Association of India (ARAI). The motor is designed for peak power of 227 kW and maximum operating speed of 2900 RPM
- BHEL has established a green field pilot scale facility for production of high energy space grade Li-ion cells. In FY 2023-24, BHEL has manufactured and supplied 5Ah Li-ion cells after successful qualification tests conducted at Vikram Sarabhai Space Center (VSSC-ISRO).
- Successfully completed Capability cum Capacity Assessment (CCA) for Train Collision Avoidance System (TCAS) - Kavach. Approval has been received from RDSO, Bengaluru, which will pave the way for BHEL to get developmental order for Kavach System from Indian Railways.
- Designed, manufactured and tested 1250kW, 6.6kV, 4 pole flameproof motor for hazardous area application.
- Design, development and successful field testing of burner to ensure stable operation of boiler for wider range of operation (upto 40% load) without oil support.
- Successfully designed, manufactured and supplied Slurry Re-circulation Pump (SRP) for handling wet limestone based slurry in FGD units.
- Following design automation initiatives have been completed:
 - › Design Automation of four pole Turbo Generator through Integrated Software Platform
 - › Design Automation of Complete Hydro Generator

6.2 Outlook for R&D and technology development

BHEL's R&D focus areas for future include:

- Post successful development & demonstration of coal gasification technology, specifically for high ash Indian coal, company is working to improve indigenous technology to generate chemicals and green fuels (methanol, hydrogen, etc.) from syngas.
- Total solutions for rail transportation in areas of three-phase AC drive system for Electric Locomotives & Electric Multiple Units (EMU), High Powered Locomotives and High Speed Trainsets.
- Products & systems for Hydrogen Value chain applications.
- Development of Products and systems for Marine Gas Turbines, Li-ion Battery System, Heat exchangers, etc.

- Development of Products for downstream Oil and Gas sector.
- Development of Products and systems for nuclear power plants.
- Development of solutions for E-mobility ecosystem (including power train, charging stations etc.) and Energy Storage Systems.
- Products and systems for digital substation and advanced power transmission.

BHEL is committed to achieve sustainable growth through innovation and technology leadership through dynamic realignment of its R&D processes. By remaining responsive to market needs, optimizing its R&D efforts, and fostering a culture of continuous improvement, BHEL is well-positioned to thrive in a rapidly evolving business environment.

For and on behalf of the Board of Directors of

BHARAT HEAVY ELECTRICALS LTD.

K. Sadashiv Murthy
Chairman & Managing Director

Place: New Delhi
Date: July 27, 2024

Annexure – VII to the Board's Report

7.1 Conservation of Energy

Your company consistently engages itself towards initiatives focused on energy efficiency and conservation, as integral part of its operations. BHEL's energy-intensive units hold ISO 50001 certification, highlighting its commitment to rigorous energy management standards. Through systematic energy audits, conducted across its units, various conservation projects have been implemented, resulting in tangible reductions in energy costs.

BHEL installed captive solar plants collectively generated around 3.2 crore units of green energy across the organization in FY 2023-24 achieving cumulative generation of approximately 19.2 crore units in past seven years.

As an energy management initiative, ten Manufacturing Units (HEEP & CFFP Haridwar, HPBP & SSTP Trichy, Thirumayam, Ranipet, Bhopal, Hyderabad, Varanasi and Goindwal) are ISO 50001:2018 certified. Approximate 51 numbers of Energy conservation (ENCON) projects identified during Energy Audits of major units have been implemented across BHEL during FY 2023-24.

7.2 Technology Absorption and Research & Development

Research & Development

| | | | |
|--|--|---------------|---|
| 1. | Specific areas in which R&D carried out by the Company | } | Given in the Board's Report under Annexure- VI "R&D and Technological Achievements" |
| 2. | Benefits derived as a result of the above R&D | | |
| 3. | Future Focus areas | | |
| 4. | Expenditure on R&D | | |
| Total | -- | ₹697.6 Crores | |
| a) | Recurring | -- | ₹687 Crores |
| b) | Capital | -- | ₹10.6 Crores |
| Expenditure as a percentage of revenue | | -- | 2.9% |

Technology Absorption

Details of technology imported during the last 5 years:

| Technology | Year of import | Absorption status |
|---|----------------|------------------------------------|
| New Generation C&I Automation | 2020 | Technology absorption in progress. |
| Upgraded Super Rapid Gun Mount (SRGM) | 2021 | |
| Circulating Fluidised Bed Combustion (CFBC) Boilers | 2022 | |
| Upgraded and New models of Gas Turbines | 2023 | |

7.3 Foreign Exchange Earnings and Outgoing

(₹ Crores)

| Particulars | 2023-24 | 2022-23 |
|-------------------------|---------|---------|
| Foreign Exchange Used | 1,564 | 1,530 |
| Foreign Exchange Earned | 1,062 | 1,565 |

For and on behalf of the Board of Directors of

BHARAT HEAVY ELECTRICALS LTD.



K. Sadashiv Murthy
Chairman & Managing Director

Place: New Delhi
Date: July 27, 2024

Annexure – VIII to the Board's Report

8.1 Implementation of Official Language

BHEL is committed towards implementation of Official Language 'Hindi'. Quarterly meetings of Official Language Implementation Committees are held regularly to review the status of Rajbhasha implementation.

Major Initiatives taken to promote use of Rajbhasha 'Hindi' during FY 2023-24

- Large scale Hindi training for non-Hindi speaking employees in 'C' region under the Hindi Teaching Scheme of the Government of India.
- Inspection of 16 units/divisions to monitor and review the progress in the use of the Official Language.
- Hon'ble Parliamentary Committee on Official Language inspected 5 Units/Divisions of BHEL and expressed satisfaction/appreciation on the efforts being made towards implementation of Official Language, and further advised to achieve the targets.
- Coordination of seventh meeting of the Hindi Advisory Committee of Ministry of Heavy Industry organized at Mussoorie on June 16, 2023.
- On the occasion of Hindi Diwas, 2023, BHEL organised various competitions, seminars, and cultural programs during the month of September including 'Rajbhasha Ullas Parv' in Delhi-NCR based offices with participation of 1,211 employees.

- 22 officials of BHEL participated in Hindi Day Celebration & All India Rajbhasha Conference for the year 2023-24 organized by Department of Official Language, Ministry of Home Affairs at Pune.
- 25 newly established/renovated libraries of subordinate undertakings of the Ministry of Heavy Industries were inaugurated from BHEL Jhansi unit through video conferencing. Of these, 18 libraries belong to BHEL.
- On the occasion of World Hindi Day on January 10, 2024, 5 competitions were organized for Delhi-NCR based offices during the period January – February 2024 witnessing participation of 211 employees.
- BHEL is playing an active role in the Town Official Language Implementation Committees (TOLIC) located in various cities with membership of Heads of units/divisions in respective cities. BHEL is making significant contribution in organizing competitions and other activities of TOLIC. 9 employees from Delhi - NCR based offices won awards in various competitions organized by TOLIC (Undertaking-1) Delhi during October- December 2023.
- 17 Hindi magazines are published in BHEL and 30 employees were awarded cash prizes for contributing excellent articles. BHEL 's Hindi magazine 'Arunima' was honored with Protsahan Puraskar in the 58th meeting of TOLIC (Undertaking-1) Delhi held in January 2024.
- Hindi workshops are organized regularly with More than 4,500 participation.



Hindi Diwas celebrated on September 14, 2023 as part of Rajbhasha Ullas Parv



Vigilance Awareness Week 2023 with the theme of 'Say No to Corruption; Commit to the Nation', was observed across BHEL

- Under the 'Inter-Unit Rajbhasha Shield' scheme, Rajbhasha Shield and Certificate for the year 2022-23 was awarded to 18 units/divisions of the Company for excellent implementation of Official Language.
- Under the 'Maulik Hindi Pustak Lekhan Yojana' of the company, cash prizes and certificates were presented to two employees.
- Children of employees who scored excellent marks in Hindi subject in board examinations were also rewarded.
- BHEL is contributing as member in the Testing Committee of memory based translation software "Kanthastha 2.0" and its mobile app released by Department of Official Language, Ministry of Home Affairs, Government of India.

8.2 Vigil Mechanism

The company has in place a full-fledged Vigil Mechanism founded on the principles of Good Governance, Transparency, Probity and Ethics. Vigilance function of BHEL is headed by Chief Vigilance Officer (CVO), who functions as a link between Central Vigilance Commission (CVC), Central Bureau of Investigation (CBI) and the Management. Each of the manufacturing Units and Power Sector Regions of BHEL have a Vigilance set-up, headed by a Vigilance Executive reporting to the CVO.

Preventive Vigilance has always remained the focus area of BHEL's Vigilance team. The approach to preventive vigilance includes a combination of review of systems, rules and policies, particularly concerning procurement & recruitment and awareness raising measures, targeting specific functional

areas/ issues, by engaging stakeholders, in order to progressively eliminate scope for corruption.

During the year, inspections of different manufacturing units/ power sector regions were done by the Corporate Vigilance team. In addition, routine inspections, surprise checks, system studies, CTE Type Inspections etc. were also conducted at unit level by the Unit Vigilance setups. Based on the findings of these inspections and studies, necessary corrective and punitive actions were taken, and system improvements suggested to the Management. The audit reports (internal, statutory and CAG reports) are also scrutinized as per the mandate of CVC, so as to determine whether there is any vigilance angle involved in respect of the irregularities brought out in such reports. Annual Property returns of 3,007 employees (about 21% of employee covered under CDA Rules) were scrutinized during the year FY 2023-24.

During FY 2023-24, 25 cases were taken up for investigation. Various actions against 35 employees were recommended for the deviations from norms and procedures. Another focus was on expeditious disposal of such actions. As a result, a total of 30 actions were concluded, that included current as well as past pending recommendations. Further, out of 197 complaints (192 received during the year FY 2023-24), 179 were disposed-off after examination, and the balance are under different stages of disposals. On the advice of Vigilance, recoveries of ₹ 100.27 lakh (approx.) have been made from various agencies, employees, vendors and contractors.

As per directives issued by CVC vide circular no. 08/09/2023 dated September 11, 2023, Vigilance Awareness Week (VAW) was observed from October 30, 2023 to November 5, 2023 with the theme "भ्रष्टाचार का विरोध करें; राष्ट्र के प्रति समर्पित रहें" (Say No to



Corruption; Commit to the Nation) across BHEL. The observance of VAW commenced with Integrity Pledge by the employees. The link of 'Integrity Pledge' <https://pledge.cvc.nic.in> was provided on BHEL internet Homepage, and all the intranet websites of various manufacturing Units/ Regions/ Offices, and all the stakeholders were encouraged to take the integrity pledge.

To generate awareness about rules, regulations & policies, 153 competitions of various types were organized for the employees and their wards (in respective units) on the theme of Vigilance Awareness Week. 4,023 employees participated in these competitions. A total of 90 awareness programmes on procurement policies, ethics, cyber hygiene, systems and procedures of the organisation were organized, where 4,346 employees participated. BHEL also reached out to various stakeholders, like vendors and also students, in generating awareness about Vigilance. E-mails having integrity quotes were also sent to all employees. Further, a system generated footnote for PIDPI awareness was also placed in all outgoing e-mails of BHEL during the week. Scrolling messages on VAW-2023 theme were hosted on Intranet and Internet websites. Screen saver having the theme of VAW-2023 were displayed on PCs of all employees. Selfie frames having VAW-2023 theme and logos of CVC & BHEL were installed across BHEL Units/ Offices.

8.3 Health, Safety & Environment (HSE)

The company has a well-established Environment Management System (EMS) and Occupational Health and Safety Management System (OHSMS), integrated into a single management system called HSE Management System. As there are wide variations in products, services and activities of various units and divisions, they all have their own HSE management system. The HSE management systems are based on the company's HSE Policy. All Manufacturing Units, Power Sector Regions, TBG & ISG (having project sites under them) and Noida Townships are having certification of ISO 14001 & ISO 45001. All these certificates are valid as on March 31, 2024.

The company has been continuously striving towards "Zero Harm" to employees as well all those who work for us. The manufacturing units and other divisions continued their thrust on safety trainings, safety inspections, mock drill for identified emergencies, promotional campaigns, displays in the form of banners/ posters/ board with promotional/ warning/ cautionary messages. All units have occupational health centres and occupational health check-up of employees continued in a planned manner.

At project sites, the work conditions are more hazard prone and very dynamic, and thus more challenging. There is greater thrust on trainings and retraining of workers, health check-up and fitness test of workers before engaging them in work,

toolbox talks, mass toolbox talks, safety inspections, mock drills, safety observations, preparation & implementation of Hazard Identification and Risk Assessment (HIRA), Job Safety Analysis (JSA) & Method Statements (MS) for jobs, scrupulous implementation of work permit system, safety review at various levels, promotional campaigns, rewarding & recognizing good safety performers among workers.

As a part of Environmental Management system, the units continued their efforts for elimination and reduction of impact of operations on the environment. Our thrust continued on putting efforts towards conservation of natural resources, including water, energy conservation and energy efficiency, carbon emission reduction, greater use of renewable energy, maintain existing green cover and planting new saplings. हरित बीएचईएल (Harit BHEL) initiative was also launched during the year FY 2023-24, for transforming BHEL into a Green Company.

A number of promotional campaigns were organised during the year. BHEL Safety Fortnight-2024, was celebrated across the company starting with National Safety Day celebration on March 4, 2024 and continued till March 17, 2024. BHEL Environment Awareness Month-2023 was celebrated across the company, starting with celebration of World Environment day on June 5, 2023 and continued till July 4, 2023. Swachhata Pakhwada-2023 was celebrated during August 16-31, 2023 and the Special Campaign 3.0 for Swachhata was observed during October 02-31, 2023.

During the year, the company was awarded "Gold Award" under the Apex India Occupational Health & Safety Award 2023, in the "Engineering sector" and 23rd Annual Greentech Environment Award 2023 for outstanding achievements in "Environmental Excellence" category.

For and on behalf of the Board of Directors of
BHARAT HEAVY ELECTRICALS LTD.

K. Sadashiv Murthy
Chairman & Managing Director

Place: New Delhi
Date: July 27, 2024

Annexure – IX to the Board's Report

Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate Companies/ Joint Ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Crore)

| | | |
|----|--|-------------------|
| 1 | Sl. No. | NOT APPLICABLE |
| 2 | Name of the subsidiary | |
| 3 | The date since when subsidiary was acquired | |
| 4 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | |
| 5 | Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries. | |
| 6 | Share capital | |
| 7 | Reserves & surplus | |
| 8 | Total assets | |
| 9 | Total Liabilities | |
| 10 | Investments | |
| 11 | Turnover | |
| 12 | Profit before taxation | |
| 13 | Provision for taxation | |
| 14 | Profit after taxation | |
| 15 | Proposed Dividend | |
| 16 | % of Shareholding | |
| 1 | Names of Subsidiaries which are yet to commence operations | NIL |
| 2 | Names of subsidiaries which have been liquidated or sold during the year. | NIL |



Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Crore)

| | Name of Joint Ventures | BHEL-GE Gas Turbine Services Pvt Ltd | NTPC BHEL Power Projects Pvt Ltd | Raichur Power Corporation Ltd |
|---|--|--------------------------------------|----------------------------------|-------------------------------|
| 1 | Latest Audited Balance Sheet Date | 31.03.2023 | 31.03.2023 | 31.03.2023 |
| 2 | Date on which Associate or Joint Venture was associated or acquired | 5 th May, 1997 | 28 th April, 2008 | 15 th April, 2009 |
| 3 | Shares of JVs held by BHEL on the year end | | | |
| | No. | 2379999 | 50000000 | 664040000 |
| | Amount of investment | 2.38 | 50.00 | 664.04 |
| | Extent of Holding % | 50% minus one share | 50% | 22.14% |
| 4 | Description of how there is significant influence | Jointly controlled entities | | |
| 5 | Reason why the associate/ JV is not consolidated | N.A. | N.A. | N.A. |
| 6 | Net worth attributable to Shareholding as per latest audited Balance Sheet | 232.29 | NIL | NIL |
| 7 | Profit/ Loss for the year | As per equity method | | |
| | i) Considered in Consolidation | 63.98 | NIL | NIL |
| | ii) Not considered in Consolidation | - | (2.08) | (338.53) |

Figures given in brackets are negative. In RPCL, 300 shares are held by BHEL in the name of its nominee.

M/s Power Plant Performance Improvement Ltd. is under liquidation and hence not considered in consolidation. The investment in this JV amounting ₹2.00 Crore has been fully provided for.

For and on behalf of Board of Directors


(Rajeev Kalra)
 Company Secretary
M. No. 14567


(K. Sadashiv Murthy)
 Chairman and Managing Director
 Additional charge of Director (Finance) & CFO
DIN: 09184201

Place : New Delhi
Date : May 21, 2024

Form No AOC - II

(Pursuant to clause (h) of subsection (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 Including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

| | | |
|---|---|-------------------|
| 1 | Name(s) of the related party and nature of relationship | NOT APPLICABLE |
| 2 | Nature of contracts/arrangements/transactions | |
| 3 | Duration of the contracts/arrangements/transactions | |
| 4 | Salient terms of the contracts or arrangements or transactions including the value, if any | |
| 5 | Justification for entering into such contracts or arrangements or transactions | |
| 6 | Date(s) of approval by the Board | |
| 7 | Amount paid as advances, if any | |
| 8 | Date on which the special resolution was passed in general meeting as required under proviso to section 188 | |

2. Details of materials contracts or arrangements or transactions at arm's length basis:

| | | |
|-----|--|-------------------|
| (a) | Name(s) of the related party and nature of relationship | NOT APPLICABLE |
| (b) | Nature of contracts/arrangements/transactions | |
| (c) | Duration of the contracts/arrangements/transactions | |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | |
| (e) | Date(s) of approval by the Board | |
| (f) | Amount paid as advances, if any | |

For and on behalf of the Board of Directors of
BHARAT HEAVY ELECTRICALS LTD.



K. Sadashiv Murthy
Chairman & Managing Director

Place: New Delhi
Date: July 27, 2024



Annexure – X to the Board's Report

INDEPENDENT AUDITOR'S REPORT

To the Members of
Bharat Heavy Electricals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **BHARAT HEAVY ELECTRICALS LIMITED ("the Company")**, which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements") in which are incorporated the returns for the year ended on that date for 19 branches audited by us and 10 branches audited by the branch auditors of the company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and

the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Emphasis of Matter

1. We draw attention to Note No. 44 to the Standalone Financial Statements, the company has changed its accounting policy (w.r.t. impairment of financial assets) in line with the Expert Advisory Committee opinion received during the year from ICAI, with respect to factoring time value of money while calculating Expected Credit Losses in respect of Contract Assets. The impact provided for Expected Credit Loss on contract assets as on 1st April 2022 is reduction in total equity by ₹2,626.50 Cr, withdrawal in Provision for ECL for FY 2022-23 is ₹236.17 Cr and withdrawal in Provision for ECL for Current Year 2023-24 is ₹1,093.50 Cr.
2. We draw attention to Note No. 38 to the standalone financial statements that there has been a change in Accounting Estimates and judgment with respect to the Provision for Contractual Obligation, used in preparation of Financial Statements during the year 2023-24. The change is applied prospectively in line with IndAS 8. This has resulted in reduction of revenues by ₹92.47 Cr., and reduction in provisions by ₹1,356.12 Cr
3. We draw attention to Note No. 06 to the Standalone Financial Statements, the company has deferred the creation of provision for an amount of ₹211 Cr. on the Sudan Project citing delay in realization due to Civil War.
4. We draw attention to the Note No. 45 to the Standalone Financial Statements regarding the ransomware incident occurred on 05th, 06th Jan 2024 night. As per the company, the impacted services were restored successfully without any data loss and financial impact.

Our opinion is not modified in respect of matters mentioned in above paragraphs.

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | Auditor's Response |
|--|--|
| <p><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in respect of "Revenue from Contracts with Customers" under Ind AS 115</i></p> <p>The application of this revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period, and disclosures including presentations of balances in the financial statements.</p> <p>Estimated efforts is a critical estimate to determine revenue, as it requires consideration of progress of the contract, efforts incurred till date, efforts required to complete the remaining performance obligation.</p> <p>Refer Note 39 to the Standalone Financial Statements.</p> | <p><u>Principal Audit Procedures</u></p> <p>Our audit approach consisted testing of the design and operating effectiveness of internal controls and procedures as follows:</p> <ul style="list-style-type: none"> • Evaluated the effectiveness of controls over the preparation of information that are designed to ensure the completeness and accuracy. • Selected a sample of existing continuing contracts and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. • Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue in accordance with Ind AS 115. • Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. • Performed analytical procedures and test of details for reasonableness and other related material items. |
| <p><i>Assessment and recoverability of Trade Receivables and Contract Assets</i></p> <p>The Company has trade receivables outstanding (net) of ₹8,010.07 Crore and contract assets (net) of ₹26,747.54 Crore at the end of March 31, 2024.</p> <p>These balances are related to revenue recognized in line with Ind AS 115 "Revenue from contracts with customers" for ongoing contracts and completed contracts. The assessment of its recoverability is a key audit matters in the audit due to its size, pending balance confirmation of letters sent and high level of management judgment.</p> <p>Refer Notes 6, 9, 39 to the Standalone Financial Statements.</p> | <p><u>Principal Audit Procedures</u></p> <p>We have assessed the Company's internal process to recognize the revenue and review mechanism of trade receivables and contract assets. Our audit approach consisted testing of the design and operating effectiveness of internal controls and procedures as follows:</p> <ul style="list-style-type: none"> • Evaluated the process of invoicing with Customers. • Obtained the list of project wise outstanding details and its review mechanism by the management. • Reviewed the guidelines and policies of the Company on impairment of trade receivables and contract assets. • Tested the accuracy of ageing of trade receivables and contract assets at the year-end on sample basis. • Performed analytical procedures and test of details for reasonableness, recoverability and other related material items. |

| Assessment of Contingent Liability | Principal Audit Procedures |
|---|--|
| There are a number of litigations pending before various forums against the Company and the management's judgement is required for estimating the amount to be disclosed as contingent liability. | The audit procedures included but were not limited to: <ul style="list-style-type: none"> • Obtaining a detailed understanding processes and controls of the Management with respect to claims or disputes. • Performing following procedures on samples selected. |
| We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analyzing the facts of subject matter under consideration and judgments/ interpretation of law involved. Refer Note 32 to the Standalone Financial Statements. | <ul style="list-style-type: none"> • Understanding the matters by reading the correspondences, communications, minutes of the management meeting. • Making corroborative inquiries with appropriate level of the management personnel including status update, expectation of outcomes with the basis, and the future course of action contemplated by the Company, and perusing legal opinions, if any, obtained by the Management. • Obtaining direct confirmation from the legal attorneys of the company and considering their opinions /probability assessment of the outcomes. • Evaluating the evidence supporting the judgement of the management about possible outcomes and the reasonableness of the estimates. • Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards. |

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility & Sustainability Report, Corporate Governance and Shareholder's information, but does not include the standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information when made available to us and if we conclude that there is a material misstatements therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive

income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, Management of Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management of Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/information of **10 (Ten)** branches included in the standalone financial statements of the Company whose financial statements/financial information reflect total assets of **₹ 38,063 Crore** as at 31st March, 2024 and total revenue of **₹ 13,343 Crore** for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the Branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (2) As required by Section 143 (3) of the Act, based on our audit we report that:
 - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
 - d. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
 - e. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015 as amended;
 - f. In terms of Notification no. G.S.R. 463 (E) dt. 05-06-2015 issued by Ministry of Corporate Affairs, the Provision of Section 164(2) of the Companies Act, 2013 in respect of disqualification of directors are not applicable to the Company, being a Government Company;
 - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";
 - h. As per Notification No. GSR 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the company;
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. **Refer Note 32** to the financial statements;
 - ii) The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. **Refer Note 38** to the financial statements;
 - iii) There has been no delay in transferring the amount, required to be transferred in accordance with the relevant provisions of the Companies Act, 2013 and the rules made thereunder, to the Investor Education and Protection Fund by the Company.
 - iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v) (a) The final dividend proposed for the previous year, declared and paid by the company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) During the year the Company has not declared or paid any Interim dividend.
- (c) As stated in **Note 31** to the Standalone financial statements, the Board of Directors of the company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- vi) Based on our examination, which included test checks, and the reports of Branch Auditor's, we report that the company has used multiple accounting softwares for maintaining its books of accounts having a feature of recording audit trail (edit log) facility except in one branch where

DBase accounting software was used which did not have the feature of recording audit trail (edit log). The Audit Trail has operated throughout the year for all relevant transactions recorded in the software except from 06-01-2024 to 15-01-2024 since no transactions were recorded due to malware attack. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with. Our examination of the audit trail was in the context of an audit of financial statements carried out in accordance with the Standard of Auditing and only to the extent required by Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

- (3) On the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we are enclosing our report in terms of Section 143(5) of the Act, on the directions and sub directions issued by the Comptroller and Auditor General of India in "**Annexure C**".

For ABP & Associates
Chartered Accountants
FRN – 315104E



(Niranjan Agrawalla)
Partner
M. No. 087939

UDIN: 24087939BKZTR9651

For PSMG & Associates
Chartered Accountants
FRN – 008567C



(Suhas Basu)
Partner
M. No. 052684

UDIN : 24052684BKCRUE7758

For S. L. Chhajer & Co. LLP
Chartered Accountants
FRN – 000709C/C400277



(Vijit Baidmutha)
Partner
M. No. 406044

UDIN: 24406044BKBE OV1119

Place : New Delhi

Date : May 21, 2024



Annexure "A" TO INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report to Member of Bharat Heavy Electricals Limited of even date)

To best of our information and according to the explanation provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i) In respect of Company's Property, Plant and Equipment and Intangible Assets:
 - (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant & Equipment.
 - B. The Company has maintained proper records showing full particulars of Intangible assets.
 - (b) The Company has program of verification to cover all the items of Property, Plant & Equipment in a phased manner, over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanation given to us, the records examined by us, the title deeds of immovable properties are held in the name of Company except those disclosed in Additional disclosure of Note 3.1 Property, Plant and Equipment.
 - (d) The Company has not revalued its Property, Plant & Equipment (including Right of Use assets) or intangible assets during the year.
 - (e) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii) (a) The physical verification of inventory (excluding stocks lying with third parties) has been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In respect of inventories of stores and spares, the Management has a verification programme with appropriate procedures designed to cover the items over a period of three years, which in our opinion, is appropriate. The discrepancies noticed on physical verification of inventory as compared to books record were not material.
- (b) According to the information and explanations given to us, and relevant records produced, the company has been sanctioned working capital limit of ₹60,000 Crores (Fund Based Limit of ₹9,000 Crore, Non-Fund Based Limits Letter of Credit (LC) ₹3,000 Crores and Bank Guarantees (BG) ₹48,000), under consortium finance from Banks/Financial institution against security of current assets. As per records verified by us, in our opinion, the quarterly returns or statement filed by the company with such Banks/Financial Institution are in agreement with books of accounts of the Company.
- (iii) According to the information given to us, the Company has not granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Therefore, clauses (iii) (a-A, B), (iii) (b), (iii) (c), (iii) (d), (iii) (e) and (iii) (f) of Paragraph 3 of the Order are not applicable to the Company.
- iv) According to information and explanations given to us, Section 185 of the Act regarding loans to directors is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Govt. of India. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act with respect to the loans and investments made.
- v) According to the information and explanation given to us and based on our audit procedure, the company has not accepted any deposits within the meaning of section 73 to 76 of the Act or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules 2014.
- vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 prescribed by the Central Government under section

148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

vii)(a) According to the information and explanations given to us, in our opinion, the Company is generally regular

in depositing with appropriate authorities undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues as applicable to it.

(b) There was no undisputed amount payable in respect of Goods and Service Tax, Provident Fund, Employee

(₹ in Crore)

| Sl. No. | Name of the Statute | Nature of the Dues | Pending Amount | Amount paid under protest | Amount not deposited | Forum where dispute is pending |
|---------|--|--------------------|----------------|---------------------------|----------------------|--|
| 1 | Central Sales Tax Act, Value Added Tax and Sales Tax Act of various States | Sales Tax, VAT | 119.81 | 11.50 | 108.31 | Assessing Officer |
| | | | 461.57 | 47.29 | 414.29 | Dy. Commissioner /Jt. Commissioner/ Commissioner (Appeals) |
| | | | 280.98 | 135.67 | 145.31 | Appellate Tribunal |
| | | | 44.98 | 4.13 | 40.85 | High Court |
| | | | 4.84 | 4.84 | - | Supreme Court |
| 2 | Central Excise Act, 1944 | Excise Duty | 43.79 | - | 43.79 | Assessing Officer |
| | | | 12.29 | 0.06 | 12.23 | Commissioner (Appeals) |
| | | | 94.02 | 5.18 | 88.84 | Appellate Tribunal |
| | | | 27.49 | - | 27.49 | Supreme Court |
| 3 | Service Tax under the Finance Act, 1994 | Service Tax | 43.71 | 1.06 | 42.65 | Commissioner (Appeals) / Other Appellate Authority |
| | | | 628.07 | 14.31 | 613.76 | Appellate Tribunal |
| | | | 1.56 | - | 1.56 | High Court |
| 4 | Customs Act, 1962 | Custom Duty | 16.18 | 1.04 | 15.15 | Commissioner (Appeals) / Other Appellate Authority |
| | | | 24.02 | 0.55 | 23.47 | Appellate Tribunal |
| | | | 5.80 | 5.80 | 0.00 | High Court |
| 5 | GST Act | GST | 12.63 | 0.23 | 12.40 | Commissioner (Appeals) |
| | | | 0.96 | 0.18 | 0.78 | Appellate Tribunal |
| 6 | Income Tax | Income Tax | 0.84 | 0.84 | - | Commissioner (Appeals) |
| 7 | Income Tax (Foreign) | Income Tax | 17.74 | 2.66 | 15.08 | Rawandan Court of Appeals |
| 8 | Employees' Provident Fund and Miscellaneous Provisions Act, 1952 | Provident Fund | 0.62 | 0.62 | - | RPFC Kanpur |

State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value added Tax, Cess and any other Statutory dues as at March 31, 2024 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the particulars of Goods and Service Tax, Provident Fund, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, which have not been deposited on account of dispute are as under:

viii) According to the records of the Company examined by us and the information and explanations given to us, no transactions

have been recorded in the books of accounts which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

- ix) According to the records of the Company examined by us and the information and explanations given to us:
- a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
 - b) Company is not a declared wilful defaulter by any bank or financial institution or other lender.
 - c) The Company has not taken any Term Loan during the year and there are no outstanding term loan at the beginning of the year and hence, reporting under clause 3(ix) (c) of Order is not applicable.
 - d) According to the information and explanation given to us, and the procedures performed by us, and on overall examination of the financial statement of the company, we report that no funds raised on short-term basis have been used for long – term purposes by the company.
 - e) According to the information and explanation given to us, and on an overall examination of the financial statement of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its joint ventures.
 - f) According to the information and explanation given to us, and procedures applied by us, we report that the company has not raised any loans during the year on the pledge of securities held in its joint ventures.
- x) a) The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) hence reporting under clause 3(x) (a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or debentures (fully or partly or optionally) and hence reporting under clause 3(x) (b) of the Order is not applicable.
- xi) a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor we have been informed of such case by the management.
- b) No report under sub-section (12) of section 143 of the Companies Act, has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with Central Government.
- c) We have taken into consideration the whistle blower complaints received by the company during the year while determining the nature, timing and extend of audit procedures.
- xii) Since the Company is not a Nidhi Company, provisions of clause no. 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations, all the transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where ever applicable and the details have been disclosed in the Financial Statement, as required by the applicable accounting standard.
- xiv) (a) In our opinion and based on examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit report of the company issued till date, for the period under audit.
- xv) According to information and explanation given to us, in our opinion during the year Company has not entered into any non-cash transactions with directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.
- xvi) (a) In our opinion, Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions 2016) and accordingly reporting under clause 3(xvi) (d) of the order is not applicable.
- xvii) The company has not incurred cash losses in the current and has not incurred cash losses in the immediately preceding financial year. Accordingly, provisions of clause 3(xvi)(d) of the order are not applicable.
- xviii) There has been no resignation of the statutory auditors during the year.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing

and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx) According to the records of the Company examined by us and the information and explanations given to us:

- (a) There are no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in schedule VII to the Companies Act in compliance with second proviso to sub section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx) (a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility amount as at the end of previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

For ABP & Associates
Chartered Accountants
FRN – 315104E



(Niranjan Agrawalla)
Partner
M. No. 087939

UDIN: 24087939BKCZTR9651

For PSMG & Associates
Chartered Accountants
FRN – 008567C



(Suhas Basu)
Partner
M. No. 052684

UDIN : 24052684BKCRUE7758

For S. L. Chhajer & Co. LLP
Chartered Accountants
FRN – 000709C/C400277



(Vijit Baidmutha)
Partner
M. No. 406044

UDIN: 24406044BKBE OV1119

Place : New Delhi

Date : May 21, 2024



"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BHARAT HEAVY ELECTRICALS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Bharat Heavy Electricals Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over financial reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was

established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statement.

Meaning of Internal Financial Controls with reference to Standalone financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone financial statements to

future periods are subject to the risk that the internal financial control with reference to Standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone financial statements and such internal financial controls with reference to Standalone financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

For ABP & Associates
Chartered Accountants
FRN – 315104E



(Niranjan Agrawalla)
Partner
M. No. 087939

UDIN: 24087939BKCZTR9651

For PSMG & Associates
Chartered Accountants
FRN – 008567C



(Suhas Basu)
Partner
M. No. 052684

UDIN : 24052684BKCRUE7758

For S. L. Chhajer & Co. LLP
Chartered Accountants
FRN – 000709C/C400277



(Vijit Baidmutha)
Partner
M. No. 406044

UDIN: 24406044BKBE0V1119

Place : New Delhi

Date : May 21, 2024

"ANNEXURE C" TO INDEPENDENT AUDITOR'S REPORT

Directions issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013 indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Bharat Heavy Electricals Limited (Standalone) for the year 2023-24:

| S. No. | Areas Examined | Replies |
|--------|---|--|
| 1 | Whether the Company has system in place to process all the accounting transactions through IT system. If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any may be stated. | Yes, the Company has system in place to process all the accounting transactions through IT system at each Branch. However, each Branch is using different accounting Software's. Based on our Audit & Branch Auditor's Report, wherever the accounting transactions are based on workings outside IT System, no instances of lack of integrity of accounts and financial implications have been noticed/ reported. |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company). | According to the information and explanations given to us and based on our examination of the records of the company, there has been no restructuring/ waiver/ write off of debts/loans/interest etc. made by a lender due to the company's inability to repay the loan |
| 3 | Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for /utilized as per its term and conditions? List the cases of deviation. | Fund received / receivable for specific schemes from Central / State agencies were properly accounted for /utilized as per its term and conditions. |

For ABP & Associates
Chartered Accountants
FRN – 315104E



(Niranjan Agrawalla)
Partner
M. No. 087939

UDIN: 24087939BKCZTR9651

For PSMG & Associates
Chartered Accountants
FRN – 008567C



(Suhas Basu)
Partner
M. No. 052684

UDIN : 24052684BKCRUE7758

For S. L. Chhajed & Co. LLP
Chartered Accountants
FRN – 000709C/C400277



(Vijit Baidmutha)
Partner
M. No. 406044

UDIN: 24406044BKBE OV1119

Place : New Delhi

Date : May 21, 2024

COMPLIANCE CERTIFICATE

We have conducted an audit of account of BHEL, Standalone and Consolidated accounts for the year ended on 31.03.2024 in accordance with the directions / sub-directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions / sub-directions issued to us.

For ABP & Associates
Chartered Accountants
FRN – 315104E



(Niranjana Agrawalla)
Partner
M. No. 087939

UDIN: 24087939BKCZTR9651

For PSMG & Associates
Chartered Accountants
FRN – 008567C



(Suhas Basu)
Partner
M. No. 052684

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For S. L. Chhajed & Co. LLP
Chartered Accountants
FRN – 000709C/C400277



(Vijit Baidmutha)
Partner
M. No. 406044

UDIN: 24406044BKBEOV1119

Place : New Delhi

Date : May 21, 2024

DBA(E)/Rep/01-67/Acs-BHEL-SFS/2024-25/182



सत्यमेव जयते

गोपनीय
भारतीय लेखापरीक्षा और लेखा विभाग
कार्यालय महा निदेशक लेखापरीक्षा (ऊर्जा)
नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT
Office of the Director General of Audit (Energy)
New Delhi



आज़ादी का
अमृत महोत्सव

Dated: 25.07.2024

सेवा में,

अध्यक्ष एवं प्रबंध निदेशक,
भारत हेवी इलेक्ट्रिकल्स लिमिटेड,
नई दिल्ली

विषय:- 31 मार्च 2024 को समाप्त वर्ष के लिए भारत हेवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

भारत हेवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली के 31 मार्च 2024 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रही हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीया,

संलग्नक:- यथोपरि।

एस. ए. पंडा
(एस. आह्लादिनी पंडा)
महानिदेशक

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BHARAT HEAVY ELECTRICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of financial statements of Bharat Heavy Electricals Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Bharat Heavy Electricals Limited for the year ended 31 March 2024 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Place: New Delhi

Date: 25.07.2024

(S. Ahladini Panda)

Director General of Audit (Energy)