Letter to **Shareholders**

Dear Shareholders,

It is my honor to present the 60th Annual Report of your company for the year 2023-24. I am pleased to inform you that your company has maintained its market leadership while focusing on project execution and innovation.

The Indian economy, supported by domestic demand, consistent policy measures, and infrastructure development, is growing steadily, creating business opportunities. Your company has seized these opportunities, achieving its highest ever order book in FY 2023-24, with significant growth in both Power and Industry segments. Our thermal power business witnessed a resurgence, securing orders worth 9.6 GW and achieving 100% market share. Additionally, we have received record orders from the non-fossil sector, including major orders in defence, transportation, and transmission. Our after-sales service business continues to generate a steady stream of orders from various customers and geographies.

Performance Highlights

Here are the key performance highlights for FY 2023-24:

- Achieved highest ever order inflow of ₹ 77,907 Crore, with orders in both core thermal power and diversified sectors such as transportation, defence, and transmission.
- Secured orders worth ₹ 55,642 Crore in the power sector, including the largest power segment order of NLCIL Talabira and the E&M package for India's biggest hydro power plant, Dibang.
- Industry segment saw the highest ever order inflow of ₹ 21,951 Crores, including the largest order for the supply of 80 Vande Bharat Trains. Also secured prestigious orders for 20 Upgraded Super Rapid Gun Mounts (SRGM) for Indian Navy warships.
- With a renewed focus on project execution, the company posted a revenue of ₹ 22,921 Crores for 2023-24. We expect revenues to grow in the coming years, having posted a Profit After Tax of ₹ 260 Crores and EBITDA of ₹ 1,201 Crores for FY 2023-24.
- Showcased expertise in overseas project execution by commissioning the Maitree Super Thermal Power Plant in Bangladesh, inaugurated by the Prime Ministers of India and Bangladesh.
- Expanded renewable energy footprint by commissioning the 100MW Raghanesda Phase-2 solar project in Gujarat and the 8MW Tamarind Falls solar project in Mauritius.
- Dedicated North Karanpura and Telangana Thermal Power Plants to the nation and achieved significant milestones with the capacity addition for Unit 3 of the Kakarapar Atomic Power Project.
- Successfully commissioned flexible operations capabilities at Adani's Raigarh, West Bengal Power Distribution Company's Sagardighi, and Tata's Trombay plants.
- Energized all three substations associated with the POWERGRID Neemuch Transmission System within the stipulated timelines.

- Manufactured India's first set of catalysts for Selective Catalytic Reduction for limiting NOx emissions for the 5x800 MW Yadadri Thermal Power Station in Telangana.

- Achieved addition of 6 GW of electricity generation capacity in utility, industrial and international sectors.

Strategic Initiatives and Future Outlook

We are committed to addressing opportunities across our business segments. Key strategic initiatives include:

- Establishment of Central Procurement Cell (CPC) for timely and cost-effective procurement of packages for projects, and Unified Procurement Cell (UPC) for procurement consolidation and cost reduction of raw material/commodities.

- Entered the coal gasification sector through a joint venture with Coal India Ltd to set up a Coal to 2,000 TPD Ammonium Nitrate Plant using BHEL's in-house developed PFBG technology.

- Signed a Technical Assistance and License Agreement (TALA) with General Electric Technology GmbH Switzerland for addressing Gas Turbines market.

- Developed a process for methanol production from coal, and Dimethyl Ether (DME) from methanol to reduce import dependence using Indian coal.

- Formed partnerships with global OEMs to explore opportunities in the defence sector, specifically for air defence guns and marine gas turbines.

- Actively participating in bids to secure high-voltage direct current (HVDC) business in the transmission domain.

- Entered strategic partnership agreements for new areas like railway signaling and electrolyser manufacturing.

We are working on critical technologies, including Advanced Ultra Supercritical (AUSC) technology, propulsion systems for high and semi-high-speed trains, high-power locomotives, strategic defence equipment, and space application batteries. Combining our strengths with those of our partners, we are well-positioned to deliver innovative solutions and achieve sustainable growth.

Quality and Sustainability

We emphasize robust Quality Management Systems and continuously implement initiatives to enhance their effectiveness. In our Business Excellence journey, a record ten units participated in the prestigious CII EXIM Bank Award 2023, with Trichy unit bagging the coveted award. Seven units received "Platinum" recognition, and two units achieved "Gold Plus" recognition.

As a responsible corporate, we optimize material and natural resource consumption, minimize waste, and implement recycling practices. Our premises have abundant green cover, with 40% of the total land area covered by greenery and water bodies. We have planted over 3.1 lakh saplings in the last five years, including 81,608 saplings in FY 2023-24. Our "Harit BHEL" initiative aims for net-zero emissions by 2047, transforming BHEL into a model "Green PSU."

Acknowledgements

I extend my sincere thanks to our esteemed customers, business partners, employees, Board members, shareholders, and the Ministry of Heavy Industries for their guidance and support. With our strong foundation, dedicated workforce, and strategic vision, I am confident that your company is poised for a bright future. Your continued support is invaluable as we move forward on our journey of engineering dreams and inspiring innovation.

With warm wishes,

K. Sadashiv Murthy
Chairman & Managing Director
Bharat Heavy Electricals Limited (BHEL)

New Delhi
July 27, 2024

LEADERSHIP AT BHEL

Board of Directors as on 25th July 2024

FUNCTIONAL DIRECTORS

Shri K. Sadashiv Murthy
Chairman & Managing Director

Shri Jai Prakash Srivastava
Director (Engineering, R&D)

Shri Krishna Kumar Thakur
Director (Human Resources)

Shri Tajinder Gupta
Director (Power)

Ms. Bani Varma
Director (Industrial Systems & Products)

Shri Rajesh Kumar Dwivedi
Director (Finance)

GOVERNMENT DIRECTORS/PART-TIME OFFICIAL DIRECTORS

Ms. Arti Bhatnagar
Additional Secretary & Financial Adviser, Ministry of Commerce & Industry

Shri Vijay Mittal
Joint Secretary, Ministry of Heavy Industries

INDEPENDENT DIRECTORS

Dr. K Sivaprasad
Independent Director

Shri Ramesh Patlya Mawaskar
Independent Director

LEADERSHIP AT BHEL

Management Team as on 25th July 2024

MANAGEMENT TEAM

K. Sadashiv Murthy
Chairman & Managing Director

Jai Prakash Srivastava
Director (Engineering, R&D)

Krishna Kumar Thakur
Director (Human Resources)

Tajinder Gupta
Director (Power)

Bani Varma
Director (Industrial Systems & Products)

Rajesh Kumar Dwivedi
Director (Finance)

T S Murali
ED (HEEP & CFFP), Haridwar

Rajeev Singh
ED (CQ&BE), New Delhi

Praveen Kishore
ED (CPC, addl. charge-PEM), Noida

Vinay Nigam
ED (TP), Jhansi

K Ravishankar
ED (Corporate R&D Hyderabad, addl. charge-CTM), New Delhi

S Jithender Reddy
ED (HPVP), Vizag

K B Raja
ED (HPEP), Hyderabad

S M Ramanathan
ED (HEP), Bhopal

Jitendra Das
ED (Industry Sector & International Operations), New Delhi

Alok Kr. Singhal
ED (Corp. Law), Noida

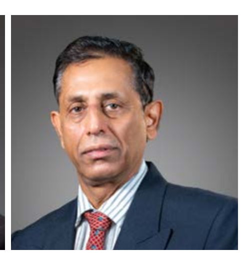
Navin Saxena
ED (PS-NR), Noida

M Arunmozhi Devan
ED (BAP), Ranipet

Vinay Kumar Bassi
ED (ROD & NREB), New Delhi

Pankaj Rastogi
ED (Hydro Business Group), Noida

Rajeev Kumar Gupta
ED (CSM & CC), Secy. MC, New Delhi



K Ashok
ED (ISG), Bengaluru

Rahul Bansal
ED (PS-HQ New Delhi, CFP Rudrapur & FSIP Jagdishpur

S Prabhakar
ED (HPBP), Trichy

MANAGEMENT TEAM

Sanjay Goel
ED (TBSG), New Delhi

Sanjeev Kumar Roy
ED (PS-WR), Nagpur

S D Goswami
ED (HSE), Noida

Y Srinivas Rao
ED (CPPP & PMG, New Delhi; PE&SD, Hyderabad)

B Shyam Babu
ED (EDN), Bengaluru

C Venkat Rao
ED (Capex, SS&P & CDT), New Delhi

R P S Sisodia
ED (PSBG-I, addl. charge Coal to Chemical), New Delhi

Arumoy Mukherjee
GM I/c (PS-ER), Kolkata

Rakesh Singh
GM & Head (TBG), Noida

A K Verma
GM & Head (COM), New Delhi

M Sridhar
GM & Head (Human Resources), New Delhi

Jagat Singh
GM & Head (PS-TS), Noida

N Ramesh Kumar
GM & Head (SBD), Bengaluru

Vinod Jacob Sam
GM & Head (PS-SR), Chennai

Sumeet Salhotra
GM & Head (Cost Optimisation Cell), Noida

Yatindra Mohan
GM (Nuclear Business Group), Noida

R Veerabahu
GM (Corporate Internal Audit), New Delhi

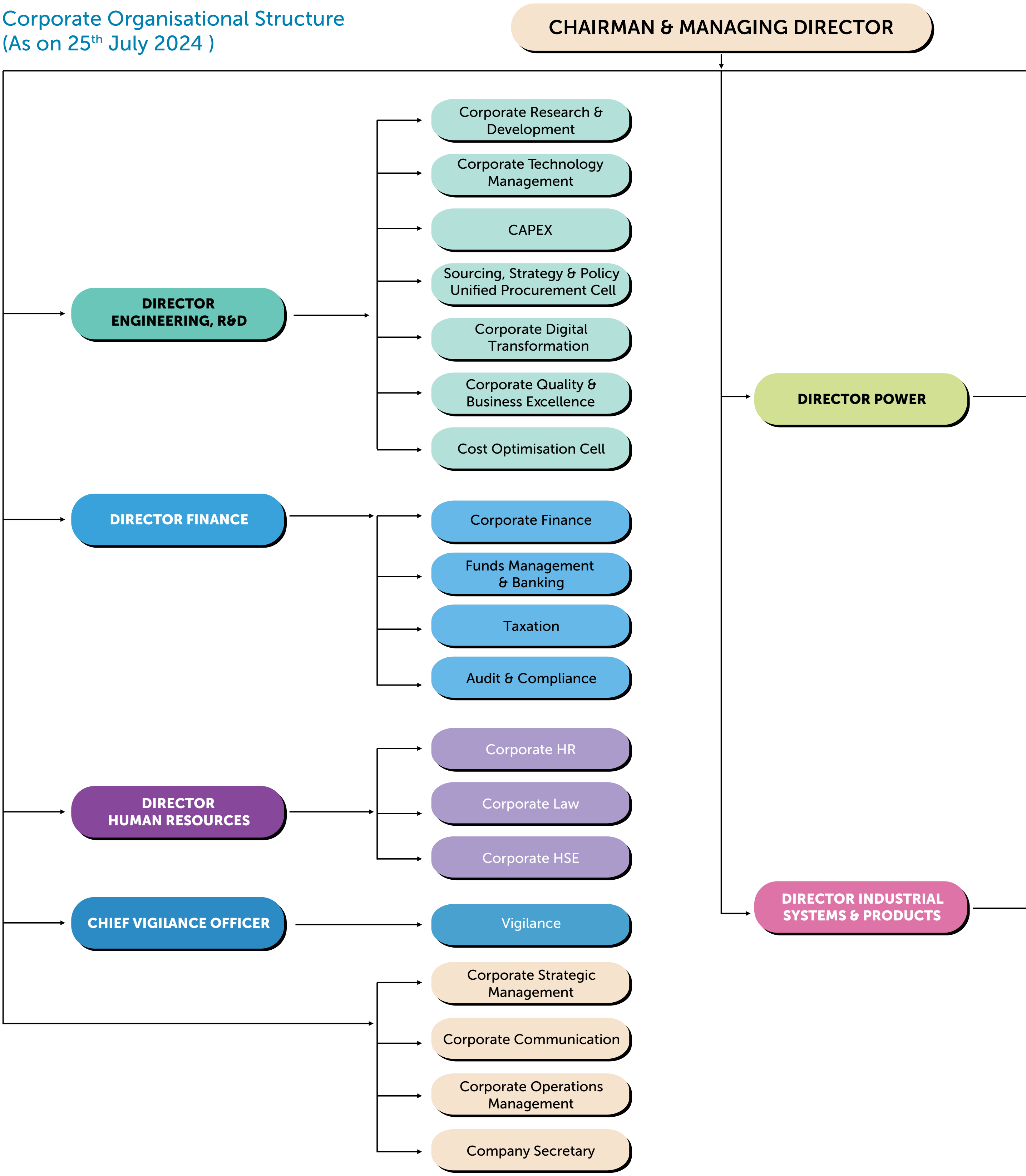
Abhishek Srivastava
GM (HERP), Varanasi

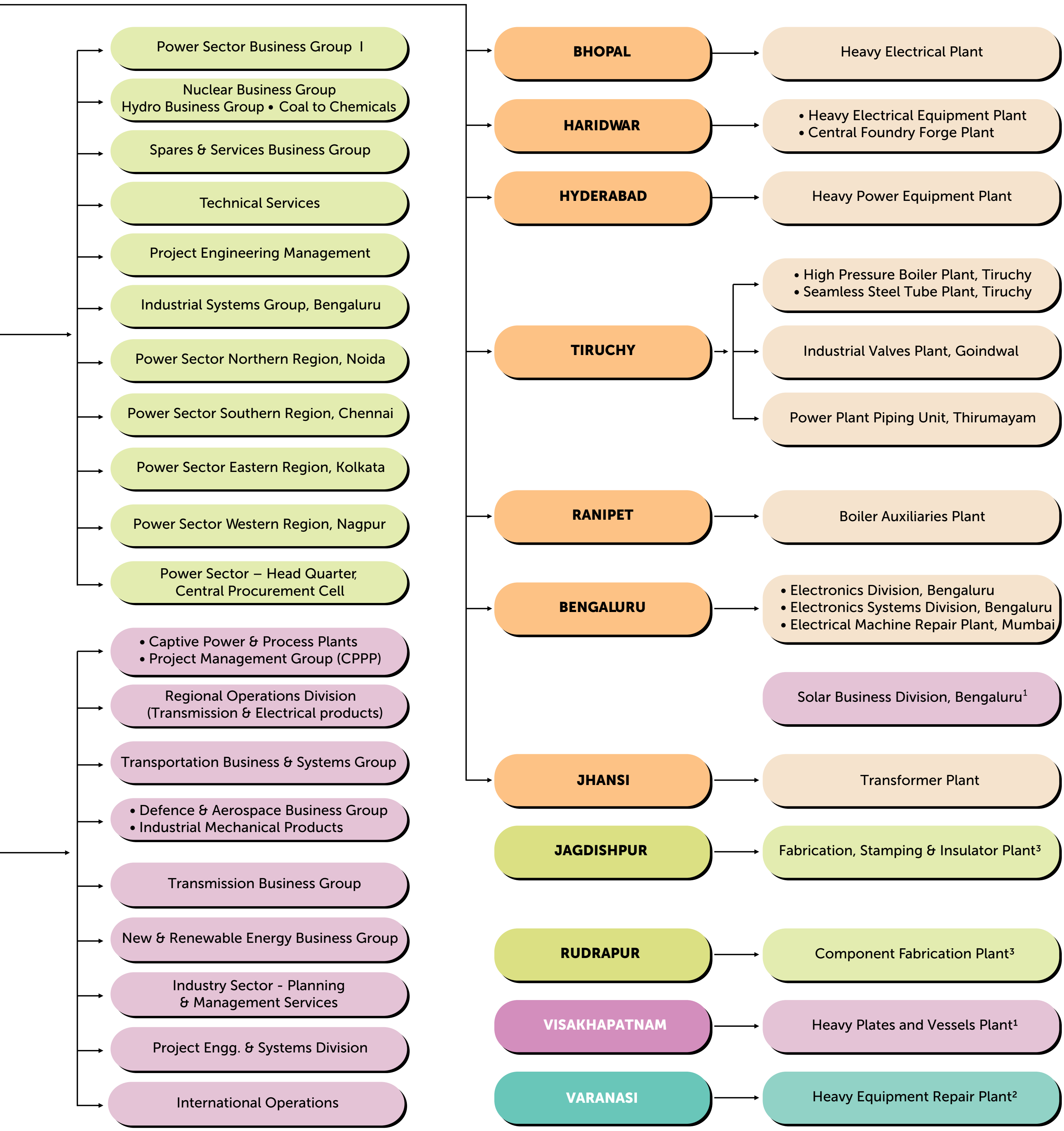
Ravinder H Teckchandani
GM (SSBG), Noida

Dr. Yogesh R Chhabra
Company Secretary

LEADERSHIP AT BHEL

Corporate Organisational Structure
(As on 25th July 2024)





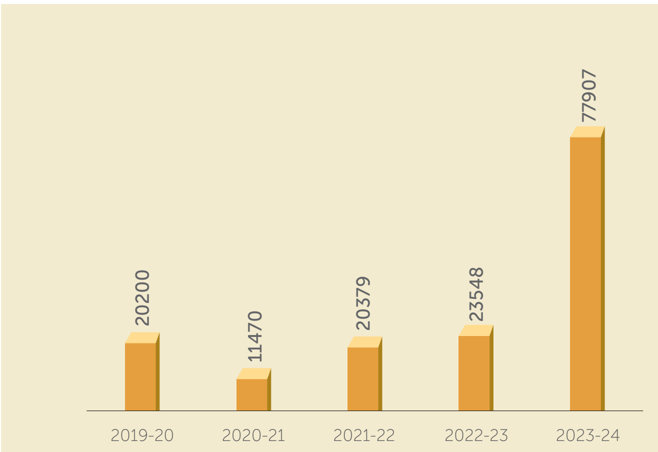
1. Report to Director (Industrial Systems & Products)
2. Report to Director (Engineering, R&D) 3. Report to Director (Power)

BHEL

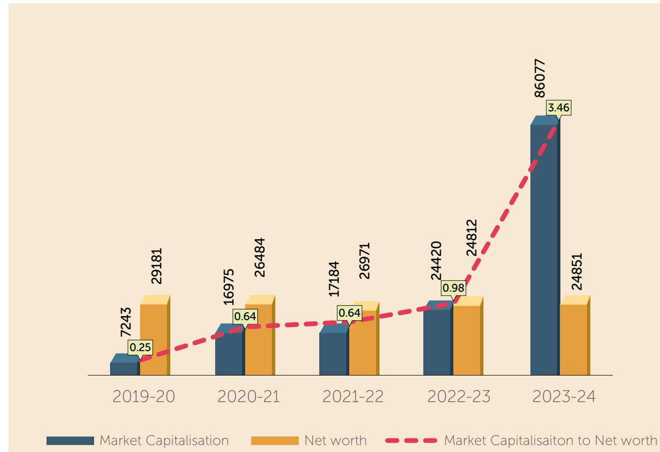
YEAR AT A GLANCE 2023-24

(Figures are in ₹ Crore unless otherwise stated)

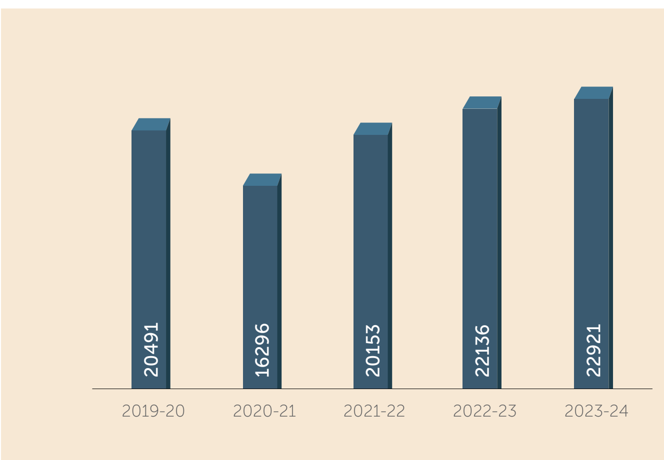
ORDER RECEIVED



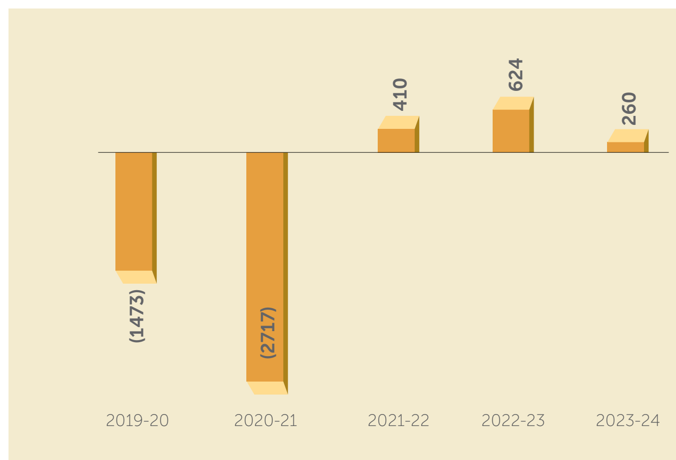
MARKET CAPITALISATION TO NET WORTH



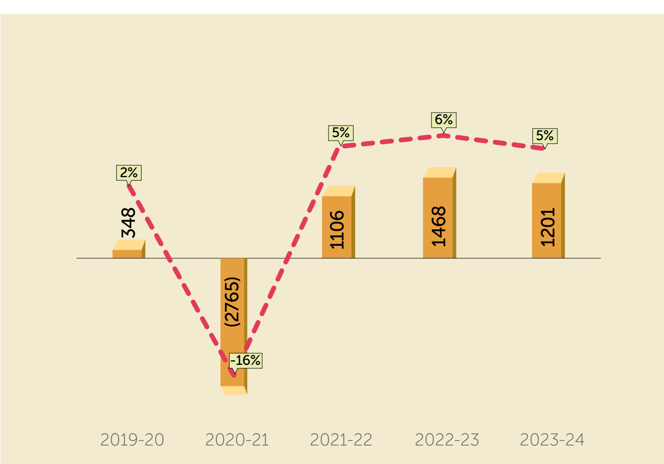
REVENUE



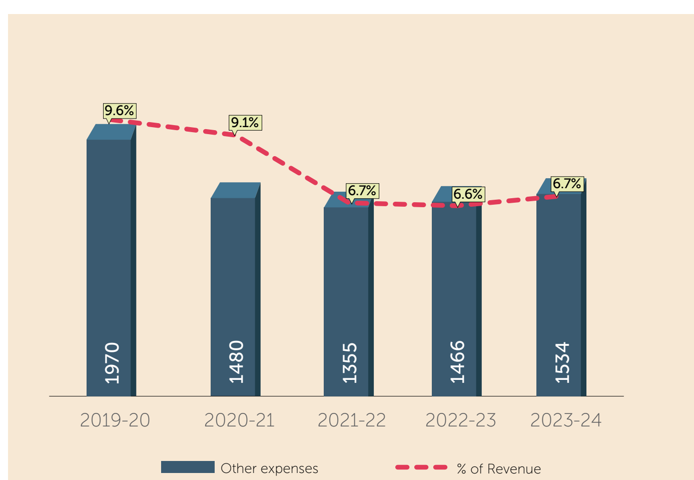
PROFIT AFTER TAX



EBITDA



OTHER EXPENSES TO REVENUE %



Key Highlights of the Year

POTENTIAL UNLEASHED

ORDER BOOKING
- Highest-ever yearly order booking
- Highest decadal outstanding order book

DIVERSIFICATION
- Highest ever yearly order-booking in Industry segment
- Booked orders for VandeBharat trains, Super Rapid Gun Mounts, etc.

PROJECT EXECUTION
Achieved addition of 6 GW of electricity generation capacity in utility, industrial and international sectors

GOING GREEN
- 'Harit BHEL' launched - Net Zero target by the year 2047
- 5 units got GreenCo rating
  - 3 silver
  - 2 bronze

ALLIANCES & PARTNERSHIPS
Incorporated Joint Venture company with CIL "Bharat Coal Gasification and Chemicals Ltd." for Coal- to-Ammonium Nitrate Plant

INNOVATION
- Filed 543 patents & copyrights
- ~2.5% of revenue on R&D expenditure consistently