



भारत हेवी इलेक्ट्रिकल्स लिमिटेड
Bharat Heavy Electricals Limited

No. AA/SCY/SE/23

Date: May 15, 2023

BSE Limited

P.J. Towers, Dalal Street Fort,
MUMBAI – 400001

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex, Bandra (East)
MUMBAI – 400051

Dear Sirs,

Sub: Secretarial Compliance Report for FY 2022-23

Pursuant to Regulation 24A of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 read with SEBI Circular no. CIR/CFD/CMD1/27/2019 dated 08.02.2019 and BSE & NSE Circulars dated 16.03.2023, please find enclosed the Annual Secretarial Compliance Report in respect of BHEL for the financial year ended 31.03.2023 received from M/s Agarwal S. & Associates, Practicing Company Secretaries.

This is for your information and record.

Thanking you,

Yours faithfully,

(Rajeev Kalra)
Company Secretary
shareholderquery@bhel.in

Encl: As above



**Secretarial Compliance Report Of
BHARAT HEAVY ELECTRICALS LIMITED
For the Year Ended 31st March, 2023**

We, Agarwal S. & Associates, Company Secretaries, have examined:

- (a) all the documents and records made available to us and explanation provided by **Bharat Heavy Electricals Limited** (“the listed entity” or “BHEL”),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31st March, 2023 (“Review Period”) in respect of compliance with the provisions of:
 - (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period, the compliance status of the listed entity is as under:

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/Remarks by PCS
1.	<p><u>Secretarial Standards:</u></p> <p>The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI)</p>	Yes	None
2.	<p><u>Adoption and timely updation of the Policies:</u></p> <ul style="list-style-type: none"> All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/ circulars/ guidelines issued by SEBI 	Yes Yes	None None

3.	<u>Maintenance and disclosures on Website:</u> <ul style="list-style-type: none"> • The Listed entity is maintaining a functional website • Timely dissemination of the documents/ information under a separate section on the website • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website 	<p style="text-align: center;">Yes Yes Yes</p>	<p style="text-align: center;">None None None</p>
4.	<u>Disqualification of Director:</u> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	<p style="text-align: center;">Yes</p>	<p style="text-align: center;">None</p>
5.	<u>To examine details related to Subsidiaries of listed entities:</u> (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries	<p style="text-align: center;">NA NA</p>	<p style="text-align: center;">BHEL did not have any subsidiary during FY 2022-23</p>
6.	<u>Preservation of Documents:</u> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	<p style="text-align: center;">Yes</p>	<p style="text-align: center;">None</p>
7.	<u>Performance Evaluation:</u> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	<p style="text-align: center;">Yes</p>	<p>The Company has stated that the Directors of the Company are appointed/ nominated by the Government of India and the performance evaluation is also done by Government</p>

			of India, being appointing authority. Further, as per notification dated 5 th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with the provisions with respect to performance evaluation of the Board and its Committees, if performance evaluation of directors is done by the Ministry which is administratively in-charge of the company.
8.	<p><u>Related Party Transactions:</u></p> <p>(a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions</p> <p>(b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/ rejected by the Audit committee</p>	<p>Yes</p> <p>NA</p>	<p>None</p> <p>NA</p>
9.	<p><u>Disclosure of events or information:</u></p> <p>The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.</p>	<p>Yes</p>	<p>None</p>

10.	<u>Prohibition of Insider Trading:</u> The listed entity is in compliance with Regulation 3(5) & 3(6)SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	None
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued bySEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	No	Mentioned in table (a) below
12.	<u>Additional Non-compliances, if any:</u> No any additional non-compliance observed for all SEBI regulation/ circular/ guidance note etc.	Yes	None

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below: -

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/ Show Cause Notice/ Warning, etc.	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks

1.	Optimum combination of executive and non-executive directors with requisite number of Independent Directors	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	The Company did not have requisite number of independent directors on its Board during the period from 30.05.2022 to 31.03.2023	BSE Limited (BSE) and National Stock Exchange of India (NSE)	Each Stock Exchange imposed a fine of Rs. 5000/- per day for the period of 32 days for the quarter ended 30.09.2022 and for the period of 92 days for the quarter ended 31.12.2022	The Company did not have requisite number of independent directors on its Board during the period from 30.05.2022 to 31.03.2023	Each Stock Exchange imposed fine of Rs. 1,88,800/- for the quarter ended 30.09.2022 and fine of Rs. 5,42,800/- for the quarter ended 31.12.2022	The Company has filed their replies to BSE & NSE dated 25.11.2022 and 07.03.2023 for the quarters ended 30.09.2022 and 31.12.2022 respectively seeking waiver of fine under their carve-out policies.	BHEL being a Government Company, the power to appoint directors, including independent directors, lies with the Government of India by following the laid down guidelines <i>interalia</i> including obtaining approval of the Appointments Committee of Cabinet. Further, BHEL has been in constant communication with the Government of India requesting for appointment of requisite number of independent directors so as to ensure	As informed by the Management, BHEL being a Government Company, the appointment/nomination of all directors including independent directors is done by the Government of India. The Company is in constant communication with Government of India for appointment of requisite number of independent directors on its Board in order to comply with the provisions of the SEBI Listing Regulations. In our opinion also, the non-compliance with regard to the composition of the Board by BHEL due to non-appointment of sufficient number of independent directors is not due to any negligence/default by the Company as the same is not under the control of the
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									<p>compliance with Corporate Governance norms enunciated under SEBI Listing Regulations as well as the Companies Act. The matter of filling up of these vacancies is under process at the end of Government of India. Accordingly, the Company has requested the Exchanges for the waiver of the fines imposed for the quarters ended September and December, 2022 under their carve-out policies.</p>	Company.
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(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulation/circulars/guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action Advisory/ Clarification/ Fine/ Show Cause Notice/ Warning, etc.	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	Optimum combination of executive and non-executive directors with requisite number of Independent Directors (including at least one independent woman director)	Regulation 17 (1) (a) & (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015	The Company did not have requisite number of independent directors (including at least one independent woman director) on its Board during the period from 01.04.2021 to 08.11.2021	BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)	Each Stock Exchange imposed a fine of Rs. 5000/- per day during the period from 01.04.2021 to 08.11.2021	The Company did not have requisite number of independent directors (including at least one independent woman director) on its Board during the period from 01.04.2021 to 08.11.2021	Each Stock Exchange imposed a fine of Rs. 5,36,900/-, Rs. 5,42,800/- and Rs. 2,30,100/- for the quarters ended 30.06.2021, 30.09.2021 and 31.12.2021 respectively	Pursuant to the appointment of three independent directors (including one independent woman director), the Company had complied with the provisions of the Regulations w.e.f. 09.11.2021.	The Company periodically followed up with the Government of India for appointment of requisite number of independent directors (including at least one independent woman director) on the Board. Pursuant to appointment of three independent directors	Consequent to the appointment of three independent directors (including one independent woman director), the Company had complied with the provisions of the Regulations w.e.f. 09.11.2021. Further, pursuant to submissions of the Company requesting the Exchanges for waiver off fines under their carve-out policies, both BSE and NSE have

										(including one independent woman director), the Company has complied with the provisions of the Regulations w.e.f. 09.11.2021.	communicated that BHEL's request for waiver of the fines levied for the quarters upto 31.12.2021, has been approved.
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(c) With regard to para 6(A) and 6(B) of the SEBI Circular CIR/CFD/CMD1/114/2019 dated 18.10.2019, all the Branch/ Statutory Auditors for FY 2022-23 have been appointed in the listed entity by the C&AG office. Further, though for them the C&AG is the appointing authority, there is no case of resignation by any of these Auditors appointed by C&AG.

For **Agarwal S. & Associates,**
 Company Secretaries,
 ICSI Unique Code: P2003DE049100
 Peer Review Cert. No.: 2725/2022

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 Date: 2023.05.15 11:26:29 +05'30'

Garima Grover
Partner

ACS No. : 27100

C.P No.:23626

UDIN: A027100E000305125

Date: 15.05.2023

Place: New Delhi