

**UNAUDITED FINANCIAL RESULTS (After Limited review)  
FOR THE THREE MONTHS ENDED 30TH SEPT 2004**

RS./Millions

| SL. NO. | PARTICULARS  | 3 Months Ended 30.09.2004 | Corresponding 3 Months in the previous year ended 30.09.2003 | Year to date figures for current period ended 30.09.2004 | Year to date figures for the previous Year to date 30.09.2003 | Previous Accounting year ending 31.3.2004 (Audited) |
|---------|--|---------------------------|--|--|---|---|
| (1)     | (2)  | (3)                       | (4)  | (5)  | (6)   | (7)   |
| 1.      | Net Sales / Income from Operations   | 19137                     | 17031  | 31893  | 28301   | 87715   |
| 2       | Value of production (Net of Excise duty)   | 21372                     | 17356  | 33601  | 27958   | 78844   |
| 3       | Other Income   | 935                       | 845  | 1721   | 1440  | 4246  |
| 4       | Total Expenditure  | 16913                     | 15106  | 29272  | 26340   | 76961   |
| a)      | (Increase)/decrease in stock-in-trade  | -4079                     | -2145  | -4603  | -2362   | 306   |
| b)      | Consumption of raw materials   | 11986                     | 8495   | 18031  | 13462   | 40076   |
| c)      | Staff Cost   | 4073                      | 4427   | 7831   | 8082  | 16395   |
| d)      | Excise Duty  | 1844                      | 1820   | 2895   | 2706  | 8564  |
| e)      | Other expenditure  | 3089                      | 2509   | 5118   | 4452  | 11620   |
| 5       | Interest   | 172                       | 119  | 296  | 230   | 574   |
| 6       | Gross Profit (+) / Loss(-) after interest but before depreciation, DRE & taxation(1+3-4-5) | 2987                      | 2651   | 4046   | 3171  | 14426   |
| 7       | Depreciation   | 516                       | 471  | 1026   | 964   | 1980  |
| 8       | Profit (+) / Loss (-) Before DRE and Tax (6-7)   | 2471                      | 2180   | 3020   | 2207  | 12446   |
| 9       | Deferred Revenue Expenditure written off   | 1                         | 616  | 180  | 813   | 2298  |
| 10      | Profit (+) / Loss (-) Before Tax (8-9)   | 2470                      | 1564   | 2840   | 1394  | 10148   |
| 11      | Provision for Taxation (including deferred tax & prior period)                             | 888                       | 554  | 1023   | 494   | 3566  |
| 12      | Net Profit (+)/Loss (-) (10-11)  | 1582                      | 1010   | 1817   | 900   | 6582  |
| 13      | Paid-up Equity Share Capital (Face Value per Share (Rs.))                                  | 2448                      | 2448   | 2448   | 2448  | 2448  |
|         |  | (10)                      | (10)   | (10)   | (10)  | (10)  |
| 14      | Reserves excluding revaluation reserves  |                           |  |  |   | 50512   |
| 15      | Earnings per Share (not annualised) (Rs.)  | 6.47                      | 4.13   | 7.42   | 3.68  | 26.89   |
| 16      | Aggregate of non-promoter shareholding   |                           |  |  |   |   |
|         | No. of Shares  | 79003250                  | 79004150   | 79003250   | 79004150  | 79004450  |
|         | Percentage of shareholding   | 32.28%                    | 32.28%   | 32.28%   | 32.28%  | 32.28%  |

The figures have been regrouped ,wherever necessary.

**Notes:-**

1 Segment information is given in the annexure hereto.

2 Details of Investor Complaints:

|  | Pending as on 01.07.2004 | Received during the quarter | Resolved during the quarter | Pending as on 30.09.2004 |
|--|--------------------------|-----------------------------|-----------------------------|--------------------------|
|  | Nil                      | 75                          | 75                          | Nil                      |

3 The company has an outstanding order book position of about Rs. 288000 millions at the end of Quarter II as against Rs. 190000 millions as on 30.09.2003.

4 The above results were reviewed by the Audit Committee and taken on record by the Board of Directors in their meeting held on 28th Oct, 2004.

5 The above results have been reviewed by the Auditors as per clause 41 of the listing agreement.

For Bharat Heavy Electricals Limited

Place : New Delhi  
Dated : 28.10.2004

Sd/-  
(C.Srinivasan)  
Director (Finance)

**Segmentwise Revenue, Results and Capital Employed :**

|          |   |   |  |  | RS./Millions  |       |
|----------|---|---|--|--|---|-------|
|          | 3 Months<br>Ended<br><u>30.09.2004</u>                                      | Corresponding<br>3 Months<br>in the<br>Previous year<br><u>30.09.2003</u> | Year to date<br>figures for<br>Current Period<br><u>30.09.2004</u> | Year to date<br>figures for<br>the previous<br>Year to date<br><u>30.09.2003</u> | Previous<br>Accounting<br>year ended<br><u>31.03.2004</u> |       |
| <b>1</b> | <b><u>Segment Revenue</u></b>   |   |  |  |   |       |
|          | A. Power  | 12948   | 10713  | 22063  | 18993   | 60094 |
|          | B. Industry   | 6749  | 6920   | 11017  | 10399   | 29806 |
|          | Total   | 19697   | 17633  | 33080  | 29392   | 89900 |
|          | Inter segmental revenue   | 560   | 602  | 1187   | 1091  | 2185  |
|          | Net Sales / Income from operations  | 19137   | 17031  | 31893  | 28301   | 87715 |
| <b>2</b> | <b><u>Segment Results (Profit(+)/ Loss (-) before tax and interest.</u></b> |   |  |  |   |       |
|          | A. Power  | 2640  | 2626   | 3807   | 3893  | 13794 |
|          | B. Industry   | 895   | 1327   | 931  | 1091  | 2861  |
|          | Total   | 3535  | 3953   | 4738   | 4984  | 16655 |
|          | Less Interest   | 171   | 118  | 297  | 231   | 574   |
|          | Other un-allocable expenditure net<br>of income                             | 893   | 1655   | 1421   | 2547  | 3635  |
|          | Deferred Revenue Expenditure  | 1   | 616  | 180  | 813   | 2298  |
|          | Total Profit before Tax   | 2470  | 1564   | 2840   | 1393  | 10148 |
| <b>3</b> | <b><u>Capital Employed</u></b>  |   |  |  |   |       |
|          | <b>(Segment Assets - Segment Liabilities)</b>                               |   |  |  |   |       |
|          | A. Power  |   |  | 7075   | 16936   | 8213  |
|          | B. Industry   |   |  | 14055  | 14414   | 14028 |
|          | Capital Employed (including unallocable common)                             |   |  | 51926  | 45790   | 37063 |

The figures have been regrouped ,wherever necessary.

## **Highlights:**

### **Financial Performance**

#### **Performance for the Half year ended 30.09.2004**

As compared to the corresponding period of the previous year the company has registered significant growth in various profitability parameters. The net sales / income from operations has risen by 12.69% where as the profit before tax and after tax has increased by 103.82% and 101.93% respectively.

The increase in value of production (net of excise), increase in interest income and decrease in VRS charge off , despite increase in material cost (due to steep increase in metal prices such as steel, copper etc and change in product mix ) has resulted in net increase in Profit before tax by Rs. 1446 millions.

#### **Performance for the Quarter**

As compared to the corresponding period of the previous year, the net sales / income from operations, the profit before tax, for Q2 of 2004-05, have shown an increase of 12.37% and 57.91% respectively. The profit for the quarter was adversely impacted by increase in material cost. However this reduction was more than offset by increase in volume of production, increase in interest income ,decrease in VRS charge off etc.

### **Order Book Highlights**

Orders worth Rs. 80550 Millions have been received upto the 2nd quarter of the current year as against Rs. 57990 millions of orders received during the 2nd quarter of 03-04 (a growth of 38.9%). The orders outstanding at the end of Quarter 2 is about 288,000 millions , an increase of 52% as compared to the orders outstanding as on 30.09.2003 (Rs. 190,000 millions).

Following are the major orders booked during the quarter :

BHEL has secured a turnkey substation contract valued at nearly Rs.270 million from Uttaranchal Power Corporation Ltd. (UPCL) for setting up a new 220 kV grid substation in Haridwar to be commissioned in a tight schedule of 15 months.

BHEL has won an order valued at over Rs.360 Million, against global competition, to augment the captive power generating capacity of the Bhilai steel plant of Steel Authority of India Ltd. (SAIL), by setting up a 15 MW captive power plant.

BHEL has achieved another milestone in the export market for higher rating Porcelain Disc Insulators, by bagging a major repeat order Valued at nearly Rs.20 Million for the supply of 14,280 disc insulators of up to 300 kN rating from Tyco Electronics, UK, for use on the transmission lines of National Grid Transco (NGT) UK.

BHEL has bagged an order valued at about Rs.210 Million for a 40 MW STG set along with associated auxiliaries from Shriram Vinyl & Chemical Industries Limited to augment the power generation capacity of its existing chemicals & fertilizer plant in Kota. The captive power plant will be commissioned in a tight schedule of about 15 months.

BHEL has once again demonstrated its competitive edge by bagging its first turnkey contract for a 400 kV grid substation in Bihar, in the face of stiff competition from German and French multinational companies. Valued at over Rs.650 Million, the order has been placed on BHEL by Power Grid Corporation of India (Power Grid) for setting up a 400/220 kV grid substation at Muzzafarpur and extension of 220 kV substation of Bihar State Electricity Board (BSEB), also located at Muzzafarpur. To be commissioned in a tight schedule of just 22 months.

BHEL has won a contract valued at Rs.150 Million from West Bengal Renewable Energy Development Agency (WBREDA) for setting up five Stand-Alone Solar Power Plants in the Islands of Sunderbans, West Bengal, following the successful commissioning of the state's first Stand-Alone Solar Power Plant at Mousuni Island.

Outbidding equipment manufacturers from France and Russia in International Competitive Bidding (ICB), BHEL in consortium with Marubeni Corporation and Toshiba Corporation has bagged an order valued at Rs.4100 Million (BHEL's share Rs. 3100 Million) from National Thermal Power Corporation (NTPC) for setting up the 800 MW Koldam hydroelectric project (HEP) in Himachal Pradesh. The project is slated for completion in a very tight schedule of just 54 months.

Outbidding leading multinational companies from Austria and France in International Competitive Bidding, BHEL has bagged an order valued at Rs.1420 Million for Sewa HEP Stage-II (3x40 MW) Hydro Electric Project (HEP) in Jammu & Kashmir from NHPC to be commissioned in a very tight schedule of just 38 months.

BHEL bagged an order worth Rs. 8790 million from the West Bengal Power Development Corporation Limited (WBPDC) for erection, testing and commissioning of a 250 MW power plant at Santaldih in the state on a turnkey basis. The project is to be commissioned within a timeframe of 33 months.

Outbidding leading multinational equipment suppliers, BHEL has won a prestigious contract valued at Rs. 1900 million for three Gas Turbine Generator sets from Reliance Industries Limited (RIL). As per the order, BHEL will supply two Frame-6 Gas Turbine Generator sets for RIL's Hazira petrochemical project and one Frame-6 Gas Turbine Generator set for its Jamnagar refinery, both in Gujarat, in a tight schedule of 9, 11 and 13 months.

BHEL has achieved another milestone in the international market by bagging a major repeat order for three Compressor Packages in the Sultanate of Oman, valued at nearly Rs.1145 million. The order, received from Petroleum Development Oman, has been won in the face of stiff international competition. The compressors are to be delivered by March 2006.

### **Performance of BHEL Sets**

The BHEL supplied thermal sets have achieved a PLF of 73.7 % upto the 2nd Quarter of 2004-05 as against 70.6 % achieved in the corresponding period of 2003-04. The Operating Availability of BHEL sets was 83.0% during this period as against 81.5 % upto the 2nd quarter of 2003-04.

## **Awards**

Shri A K Puri CMD of BHEL has been conferred the prestigious Eminent Engineer Award for the year 2004, instituted by the Institution of Engineers (India). This award has been given to Mr. Puri in recognition of his outstanding contribution in key functions like corporate management, management services, domestic / international marketing ,planning ,manufacturing etc.

Among public & private sector companies in the country, employees of BHEL have once again bagged five out of a total of 18 'Vishwakarma Rashtriya Puraskars', for their innovations. In addition, four 'National Safety Awards' have been won by BHEL's Trichy Plant for outstanding achievements in terms of longest accident free period and lowest accident frequency rate at their works.

Twenty-three power stations in the country (21 thermal and two atomic), equipped with generating equipment built by BHEL, have won the Government of India's Gold Shields for outstanding performance. Instituted by the Ministry of Power, these National awards have been given to a total of 27 power stations for meritorious performance. Of the remaining four power stations (equipped with non-BHEL sets), one is atomic, one is gas based combined cycle and two are coal-fired power plants. Notably, APGenco's 1260 MW Vijaywada TPS equipped with BHEL sets has consistently been winning this award for the last 12 years since 1992, and has won the gold medal for the tenth consecutive year. The other power stations with BHEL equipment, awarded for excellent performance include Rayalseema, Kothagudem, Ramagundam, Korba, Singrauli, Suratgarh, Kota, Mettur, Tuticorin, Wanakbori, Badarpur, Kakrapar, Gandhinagar, Raichur, Unchahar, North Chennai, Narora, Vindhyachal, Simhadri, Lehra Mohabbat and Kaiga, besides the gas-based Dadri Combined Cycle Power Project.

## **Contributions to Relief Funds**

To express their solidarity with the flood victims and for rendering relief, employees of BHEL have contributed their one day's salary amounting to a total of Rs.22.5 million to the Prime Minister's National Relief Fund. Prior to this, BHEL has contributed a sum of Rs.6 Million to the Chief Minister's Relief Fund of Assam as its contribution for mitigating the suffering of flood victims in the state.