

**UNAUDITED FINANCIAL RESULTS (After Limited review)  
FOR THE THREE MONTHS ENDED 31ST DECEMBER 2004**

RS./Millions

SL. NO.	PARTICULARS	3 Months Ended 31.12.2004	Corresponding 3 Months in the previous year ended 31.12.2003	Year to date figures for current period ended 31.12.2004	Year to date figures for the previous Year to date 31.12.2003	Previous Accounting year ending 31.3.2004 (Audited)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Net Sales / Income from Operations	25297	19728	57190	48029	87715
2	Value of production (Net of Excise duty)	23405	18704	57006	46662	78844
3	Other Income	998	896	2720	2337	4246
4	Total Expenditure	21767	17068	51038	43408	76961
a)	(Increase)/decrease in stock-in-trade	-538	-779	-5141	-3142	306
b)	Consumption of raw materials	12723	9933	30754	23396	40076
c)	Staff Cost	4113	3825	11945	11908	16395
d)	Excise Duty	2431	1803	5325	4509	8564
e)	Other expenditure	3038	2286	8155	6737	11620
5	Interest	129	136	426	367	574
6	Gross Profit (+) / Loss(-) after interest but before depreciation, DRE & taxation(1+3-4-5)	4399	3420	8446	6591	14426
7	Depreciation	544	512	1570	1476	1980
8	Profit (+) / Loss (-) Before DRE and Tax (6-7)	3855	2908	6876	5115	12446
9	Deferred Revenue Expenditure written off		794	180	1607	2298
10	Profit (+) / Loss (-) Before Tax (8-9)	3855	2114	6696	3508	10148
11	Provision for Taxation (including deferred tax & prior period)	1481	784	2505	1278	3566
12	Net Profit (+) /Loss (-) (10-11)	2374	1330	4191	2230	6582
13	Paid-up Equity Share Capital (Face Value per Share (Rs.))	2448 (10)	2448 (10)	2448 (10)	2448 (10)	2448 (10)
14	Reserves excluding revaluation reserves					50512
15	Earnings per Share (not annualised) (Rs.)	9.70	5.43	17.12	9.11	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	<b>Details of Investor Complaints:</b>	Pending as on 01.10.2004	Received during the quarter	Resolved during the quarter	Pending as on 31.12.2004
		Nil	81	81	Nil

3 The company has an outstanding order book position of about Rs. 317000 millions at the end of Quarter III as against Rs. 235000 millions as on 31.12.2003.

4 An interim dividend of Rs. 3.50 per share for the year 2004-05 has been declared by the Board and paid in the month of December 2004.

5 The above results were reviewed by the Audit Committee and taken on record by the Board of Directors in their meeting held on 31st January 2005.

6 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 : 31.01.2005

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

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

	3 Months Ended <u>31.12.2004</u>	Corresponding 3 Months in the previous year ended <u>31.12.2003</u>	Year to date figures for Current Period <u>31.12.2004</u>	Year to date figures for the previous Year to date <u>31.12.2003</u>	RS./Millions Previous Accounting year ended 31.03.2004 (Audited)
<b>1</b>	<b><u>Segment Revenue</u></b>				
A. Power	17752	13394	39815	32387	60094
B. Industry	8283	6986	19300	17385	29806
Total	26035	20380	59115	49772	89900
Inter segmental revenue	738	652	1925	1743	2185
Net Sales / Income from operations	25297	19728	57190	48029	87715
<b>2</b>	<b><u>Segment Results (Profit(+)/ Loss (-) before tax and interest.</u></b>				
A. Power	3974	2172	7782	6066	13794
B. Industry	959	798	1890	1888	2861
Total	4933	2970	9672	7954	16655
Less Interest	129	136	426	367	574
Other un-allocable expenditure net of income	949	-74	2370	2472	3635
Deferred Revenue Expenditure		794	180	1607	2298
Total Profit before Tax	3855	2114	6696	3508	10148
<b>3</b>	<b><u>Capital Employed</u></b>				
<b>(Segment Assets - Segment Liabilities)</b>					
A. Power			9349	15071	8213
B. Industry			14874	15724	14028
Capital Employed (including unallocable common)			55735	48481	37063

The figures have been regrouped ,wherever necessary.

## **Highlights:**

### **Financial Performance**

#### **Performance for the period ended 31.12.2004**

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 19.07% where as the profit before tax and after tax has increased by 90.90% and 87.98% respectively.

The increase in volume of operations, higher interest income ,decrease in VRS expenses charged off etc. have contributed to the increase in Profit before tax by Rs. 3188 millions despite increase in material cost (due to steep increase in metal prices such as steel, copper etc and change in product mix ) .

#### **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 Q3 of 2004-05, have shown an increase of 28.23% and 82.39% respectively. The profit recorded for the quarter was after absorbing increase in material cost, staff cost, other expenses etc., which was more than offset by increase in volume of production, increase in interest income ,decrease in VRS expenses charged off etc.

#### **Order Book Highlights**

Orders worth Rs. 134320 Millions have been received upto the 3rd quarter of the current year as against Rs. 124790 millions of orders received upto the 3rd quarter of 03-04 (a growth of 7.6%). The orders outstanding at the end of Quarter 3 is about 317000 millions , an increase of 35% as compared to the orders outstanding as on 31.12.2003 (Rs. 235000 millions).

Following are the major orders booked during the quarter:

BHEL has secured an order valued at Rs.8250 million from Madhya Pradesh State Electricity Board (MPSEB) to set up one unit of 210 MW capacity, on turnkey basis, at Amarkantak Thermal Power Station in Madhya Pradesh to be commissioned in a tight schedule of 29 months.

Outbidding leading multinational equipment suppliers in international competitive bidding , BHEL has won its first major contract , Valued at Rs.17740 million, from an Independent Power Producer (IPP), Jindal Power Ltd., for the 4x250 MW Raigarh TPS in Chhattisgarh. The first two units are targeted for commissioning in a schedule of 32 and 35 months respectively.

In the face of stiff competition from French and Czech multinational suppliers , BHEL has bagged order, valued at Rs.120 million , from Monnet Ispat Ltd, (MIL) for 15 MW industrial Steam Turbine-Generator set , to be supplied and installed in captive power plants located at Raipur in Chhattisgarh .

In the face of stiff competition from multinational companies, BHEL has secured a turnkey substation contract , Valued at over Rs.300 Million, from Uttaranchal Power Corporation Ltd. (UPCL) for setting up a new 220 kV grid substation at Pantnagar in Uttaranchal to be commissioned in a tight schedule of 12 months.

BHEL has won a contract , Valued at over Rs.11980 Million , for setting up two units (4 & 5) of 210 MW each at Bakreswar Thermal Power Station (TPS) in West Bengal, on turnkey basis , from West Bengal Power Development Corporation Ltd. (WBPDC) to be commissioned in 35 months. The project is being funded by the Japan Bank for International Cooperation (JBIC). The three existing units (210 MW each) at Bakreswar TPS have also been supplied and installed by BHEL .

Demonstrating its international competitiveness, BHEL has won an order valued at Rs.4100 Million, for the main plant and equipment for a 2x125 MW captive power plant to be installed as part of Jindal Stainless Limited's upcoming Duburi Stainless Steel Plant in Orissa to be completed in a tight schedule of just 28 months.

Outbidding a leading German multinational company in International Competitive Bidding (ICB), BHEL has secured an order , Valued at Rs.2410 Million , from North Eastern Electric Power Corporation Limited (NEEPCO) , for setting up the 600 MW Kameng Hydro Electric Project (HEP) in Arunachal Pradesh , slated for completion in a tight schedule of 54 months. With this, BHEL has maintained its 100% share in the installed hydro power generating capacity of NEEPCO.

### **PERFORMANCE OF BHEL SETS**

The BHEL supplied thermal sets have achieved a PLF of 74.5 % upto the 3rd Quarter of 2004-05 as against 72.5 % achieved in the corresponding period of 2003-04. The Operating availability of BHEL sets was 83.4% during this period as against 82.7 % upto the 3rd quarter of 2003-04.

Twenty three power stations in the country (21 thermal and two atomic), equipped with generating equipment supplied by BHEL, have been awarded Govt. of India's Gold Shields for outstanding performance.

### **AWARDS**

BHEL has been ranked as the 'largest and most profitable construction equipment company', among public & private sector enterprises in the country. Instituted jointly by Construction World and the National Institute of Construction Management and Research (NICMAR), the topmost award has been awarded to BHEL, in the above category. The award has been conferred on BHEL by an independent panel of experts on the basis of growth in revenue and profit over a five year period, from 1998-99 to 2002-03. Although growth was identified as a benchmark for progress, the company has also been honoured for its practices, processes, performance excellence and capability.

BHEL has achieved a major milestone, with its four manufacturing plants and one Power Sector division, bagging the prestigious CII-Exim Commendation for business excellence. Jointly instituted by CII and Exim Bank, the coveted commendations (2004) have been awarded for ongoing journey towards Business Excellence, aimed at improving overall operations and encouraging Total Quality Management (TQM) at all levels. The highest recognition of its kind in the country, the award has been instituted in India in line with International Quality Awards like the 'Malcolm Baldrige National Award' in USA, the 'Deming Prize' in Japan and the 'European Quality Award'.

### **CONTRIBUTION TO RELIEF FUNDS**

Reaching out to the distressed victims in the Tsunami-affected states of Tamil Nadu, Andhra Pradesh, Kerala, Andaman& Nicobar Islands, BHEL and its employees have made a humble contribution of Rs. 30 Million to the Prime Minister's National Relief Fund.

### **DIVIDEND**

BHEL has declared an all-time high interim equity dividend of 35% for fiscal year 2004-05 based on the trend of operations for 04-05 and also in tune with shareholders' expectations.