



ANNUAL REPORT 2009-2010

*Powering progress... Brightening lives
Touching Every Indian Home*



Vision

A World-Class Engineering Enterprise Committed to
Enhancing Stakeholder Value

Mission

To be an Indian Multinational Engineering Enterprise
providing Total Business Solutions through Quality
Products, Systems and Services in the fields of Energy,
Industry, Transportation, Infrastructure and other
potential areas

Values

Zeal to Excel and Zest for Change
Integrity and Fairness in all Matters
Respect for Dignity and Potential of Individuals
Strict Adherence to Commitments
Ensure Speed of Response
Foster Learning, Creativity and Teamwork
Loyalty and Pride in the Company

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Letter to Shareholders



Dear Shareholders,

I am pleased to report that in 2009-10, BHEL recorded another successful year with excellent results. Your Company managed to capitalize on the continuing demand from power and other infrastructure sectors and, thanks to strong competitive positioning and better execution, was once more able to achieve record turnover and profits. The improvement in global macroeconomic conditions was reflected in the turnaround of Indian economy driven largely by robust domestic demand.

I would like to briefly take you through the results for the FY 2009-10.

Performance during 2009-10

BHEL has increased its turnover by three times and net profit by four times in the last five years. The top line in 2009-10 grew by 22% with turnover reaching ₹34,154 Crore. Profit Before Tax was ₹6,591 Crore, a 36% yoy growth and Net Profit rose to ₹4,311 Crore, a 37% yoy growth. There have been a number of significant achievements and these include:

- In the utility segment, the company secured highest ever orders from Private Sector in 2009-10. Out of the total orders of 16,489 MW for power plant equipment received by BHEL during the year, the orders received from Private Power Utilities alone accounted for 14,689 MW constituting nearly 89% of the total orders booked in Power Sector.
- As a result of increased customer focus and sustained efforts for entry into new business areas, Industry Sector order booking recorded an all-time high growth of 40% over the previous year. Out of the total order booking of ₹59,037 Crore by BHEL in 2009-10, its Industry business segment contributed an order inflow of ₹14,366 Crore.
- First supercritical order from the private sector for 3x660 MW Bara, Prayagraj Power Generation Company Ltd. of the Jaypee Group was received.
- Company registered a 27% growth in its Intellectual Capital in the year with filing of 263 patents & copy rights, marking filing of one patent/copyright every working day.
- BHEL invested ₹829 Crore on R&D - 20% higher than the previous year. With the spend amounting to 2.43% of the turnover, BHEL is the highest spender on R&D in India in its kind of industry.
- Economic Value Addition (EVA) reached ₹2670 Crore, a 33% increase over that of ₹2008 Crore in the year before.
- Earning per share (EPS) increased to ₹88.06 against previous year's ₹64.11.
- A final dividend of 123% has been recommended by Board, in addition to the interim dividend of 110% for the year, making a total of 233% for the year.
- The company successfully concluded a ten year wage agreement with its employees.

Now, I would like to focus on how we plan to strengthen BHEL and execute our strategy to extend our market leadership.

Agenda for Growth & Leadership

Your company is witnessing a time of immense opportunities but also of great challenges. With GDP growing at an average of 8.5% during 2003-09 and energy demand at more than 7%, the Indian power sector is still plagued with peak deficit and T&D losses of around 16% and 27% respectively. It is essential to reduce this huge power demand-supply gap to enable our economy to maintain its high growth trajectory of more than 8%.

In this context, we have responded to the opportunities and challenges by continuing to execute various strategy initiatives while creating superior shareholder value.

The company has established capability to deliver 15,000 MW of power equipment p.a. as of end March'10 and further expansion to 20,000 MW p.a. by March 2012 is well under way. During XI plan period a capital investment of ₹5,500 Crore is being envisaged towards capacity augmentation of existing products along with introduction of higher rating nuclear sets, 765 kV transformers and other associated T&D equipments for 1200 kV.

Your company is taking all necessary strategic initiatives to quickly capture emerging growth opportunities in nuclear power, transmission, transportation and renewable energy as these are expected to be the growth engines in the future. BHEL would continue to pursue strategic alliances by way of Joint Ventures to leverage equipment sales in supercritical arena, and for sourcing of technology, critical inputs and equipments.

To expand international footprint, BHEL would be consolidating its presence in existing international markets and also tapping opportunities in new markets. Focus would be on EPC opportunities, augmentation of EPC capabilities & gearing-up the organization accordingly.

Further to improve operational efficiencies, your company is actively pursuing implementation of SAP/ERP and other capability-building initiatives like Design to Cost (DTC), Lean Manufacturing and Purchase & Supply Management (PSM).

Your company plans to further increase investment in R&D efforts and strengthen engineering & technology character of the organization.

Commensurate with our capacity building programme, we have also added around 12,000 employees during the period 2007-10.

BHEL has been contributing to the environmental cause by developing and promoting renewable energy based products on a sustained basis. Your company is enhancing its focus on low Carbon Path Technologies such as Supercritical, IGCC, Solar Power etc. and is an active participant in the national efforts on Ultra Supercritical Power Plants.

BHEL is committed to its responsibility towards socio-economic and community development programmes in various villages located near its areas of operations as part of its CSR policy.

Conclusion

I am grateful to my fellow Directors on the Board and the members of the Management Committee for their support. I would also like to extend a special thanks to each and every shareholder of BHEL, whose trust and confidence have been the motivating force in all our endeavours. I thank all our customers and business associates in India and abroad for their unstinted loyalty and steadfast patronage of our products and services. Various ministries of Government of India particularly the Department of Heavy Industry have been providing valuable guidance and support in all our efforts. Finally, a word of thanks to more than 46,000 employees of BHEL who are making these successes happen. I am extremely proud of their high level of commitment to the company & their outstanding performance over this period and have full confidence in their ability to deliver even greater success going forward.

With all the ingredients of success; dedicated people, engineering and technological excellence and right business strategies in place, your company is well poised to meet the demands of a growing industry and deliver consistent results for which your company is known for.

I look forward to your unwavering support while continuing the company's growth momentum in coming years too.

With best wishes,

New Delhi
August 12, 2010

(B. Prasada Rao)
Chairman & Managing Director

Board of Directors as on 31.07.2010



Shri B. Prasada Rao
Chairman & Managing Director



Shri Saurabh Chandra
Director



Shri Rajiv Bansal
Director



Shri S. Ravi
Director



Shri Ashok Kumar Basu
Director



Shri M.A. Pathan
Director



Smt. Reva Nayyar
Director



Shri V.K. Jairath
Director



Shri Anil Sachdev
Director



Shri Atul Saraya
Director



Shri O.P. Bhutani
Director



Shri I.P. Singh
Company Secretary

Management Committee

as on 28.07.2010



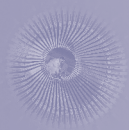
S/Shri

Standing (left to right) : R.K. Srivastava, N. Khandelwal, T.N. Veeraraghavan, B. Shankar, P.K. Bajpai, Jainender Kumar, Subodh Gupta, Jitender Kumar, P.K. Agarwal, R. Krishnan, P.K. Uppal, W.V.K. Krishna Shankar, S. Gopalakrishnan

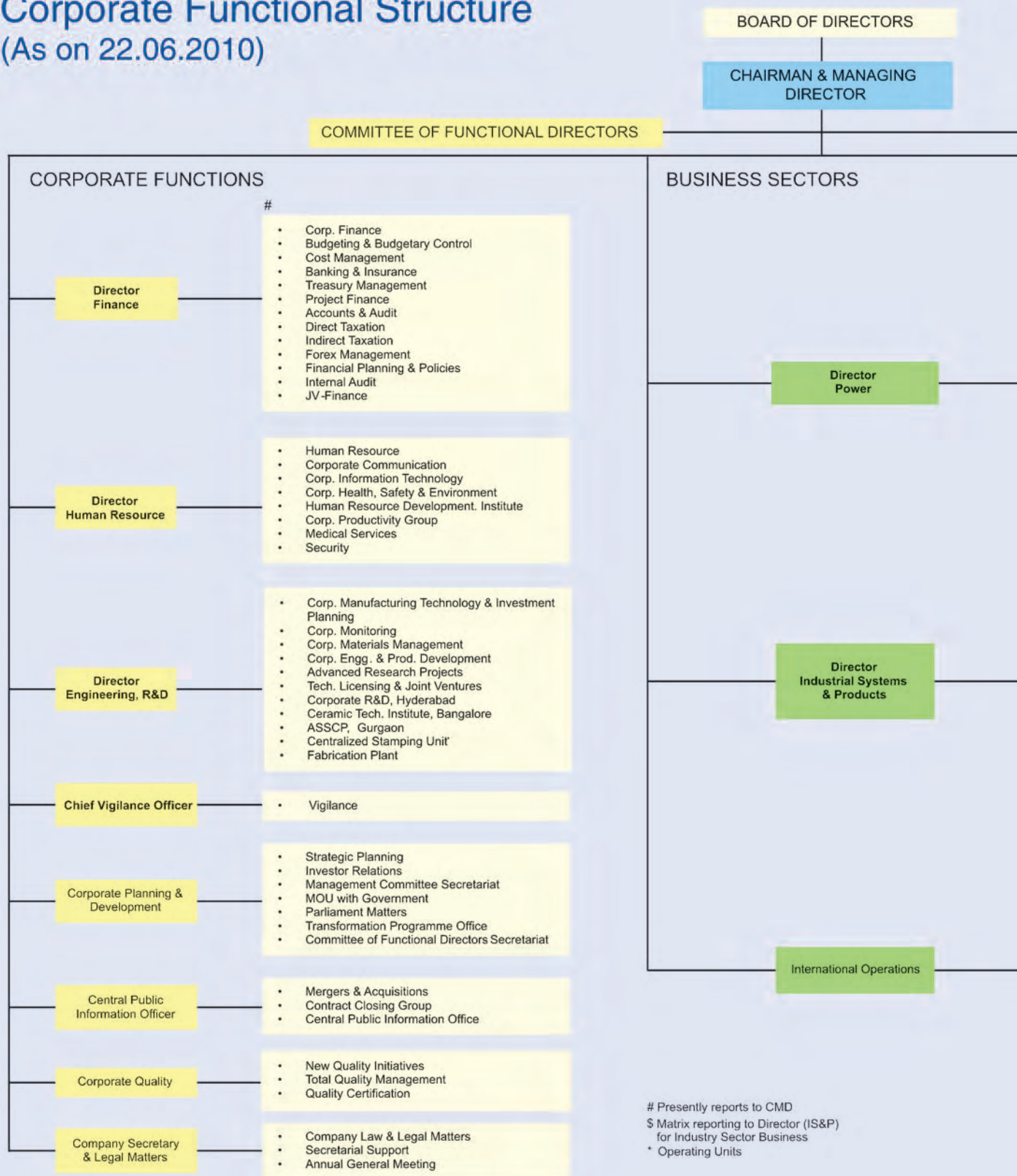
Sitting R-2 (left to right) : M. Rajiv Kumar, R.K. Wanchoo, U.K. Das, D. Ashok, Dr. H.S. Jain, Ranjan Sahi, G.S. Bindra, A. Chandrababu, Prabhat Kumar, A.V. Krishnan, M.K. Dube

Sitting R-1 (left to right) : A. Aurangabadkar, D.K. Mody, O.P. Bhutani, Atul Saraya, B. Prasada Rao, Anil Sachdev, P.R. Shriram, G. Ganapathiraman, V. Pandhi

B. Prasada Rao	<ul style="list-style-type: none"> - Chairman & Managing Director - Mergers & Acquisitions - Corporate Finance - Taxation - Financial Services - Internal Audit - Industrial Systems & Products Business Including <ul style="list-style-type: none"> - Captive Power Plant Business - Transmission Business - Transportation Business - Defence Business - Renewable Energy - Regional Operations 	V. Pandhi	<ul style="list-style-type: none"> - Transportation Business - Industrial Products- Mechanical - Industrial Products- Electrical
Anil Sachdev	<ul style="list-style-type: none"> - Human Resource - Corporate Communication - Corporate Information Technology - Corporate Health, Safety & Environment - Human Resource Development Institute - Corporate Productivity 	M.K. Dube	<ul style="list-style-type: none"> - Heavy Electrical plant - Electrical Machines Repair Plant
Atul Saraya	<ul style="list-style-type: none"> - Power Business - Power Sector Regions - North, East, South & West - Spares & Services Business - Project/System Engineering Management - Project Management 	A.V. Krishnan	<ul style="list-style-type: none"> - High Pressure Boiler Plant - Seamless Steel Tube Plant - Industrial Valves Plant - Piping Centre - Welding Research Institute
O.P. Bhutani	<ul style="list-style-type: none"> - Corporate Engg. & Product Development - Corporate Research & Development - Corporate Manuf. Technology & Invest. Planning - Corporate Monitoring - Corporate Materials Management - Technology Licensing & Joint Ventures - Centralised Stamping Unit - Fabrication Plant - Advance Research Projects 	Prabhat Kumar	- Transformer Plant
R.K. Srivastava	<ul style="list-style-type: none"> - Regional Operations - Component Fabrication Plant - Central Marketing Group 	A. Chandrababu	- Boiler Auxiliaries Plant
D.K. Mody	<ul style="list-style-type: none"> - Heavy Electrical Equipment Plant - Pollution Control Research Institute 	G.S. Bindra	- Project Engineering Management
P.R. Shriram	- Power Sector - Southern Region	Ranjan Sahi	<ul style="list-style-type: none"> - Corporate Manufacturing Technology & Investment Planning - Corporate Monitoring - Corporate Materials Management
A. Aurangabadkar	- Power Sector - Western Region	Dr. H.S. Jain	- Corporate Research & Development
G. Ganapathiraman	<ul style="list-style-type: none"> - Electronics Division - Electronics Systems Division - Industrial Systems Group 	S. Gopalakrishnan	- Power Sector Marketing - Thermal & Gas
		U.K. Das	- Spares and Services Business
		R.K. Wanchoo	- Project Engineering & Systems
		M. Rajiv Kumar	- Power Sector - Eastern Region
		P.K. Uppal	- International Operations
		R. Krishnan	- Heavy Power Equipment Plant
		P.K. Agarwal	- Power Sector Marketing - Nuclear & Hydro
		Jitender Kumar	- Power Sector - Northern Region
		D. Ashok	- Ceramic Business
		Subodh Gupta	<ul style="list-style-type: none"> - Captive Power Plant Business - Industry Sector - Project Management - Defence Business
		Jainender Kumar	- Power Sector - Project Management
		P.K. Bajpai	- Financial Services - Corporate Office
		B. Shankar	- Human Resource & Corporate Communication
		T.N. Veeraraghavan	- Transmission Business
		W.V.K. Krishna Shankar	<ul style="list-style-type: none"> - Corporate Planning & Development - Member Secretary, Management Committee
		Permanent Invitee	
		N. Khandelwal	- Central Foundry Forge Plant



Corporate Functional Structure (As on 22.06.2010)



MANAGEMENT COMMITTEE

- Power Sector – Marketing
- Power Sector - Regions (NR,ER,WR,SR)
- Project / System Engineering Management
- Project Management
- Technical Services
- Spares & Services Business Group[§]
- Heavy Equipment Repair Plant, Varanasi
- Management Services & Human Resources

#

- Captive Power Plant Business
- Industrial Products Business (Elect & Mech.)
- Transmission & Distribution Business
- Transportation Business
- Defense Business
- Central Marketing Group for NCES
- Ceramic Business Unit, Bangalore
 - Electro Porcelains Division, Bangalore*
 - Insulator Plant, Jagdishpur*
- Component Fabrication Plant, Rudrapur*
- Regional Operations Division
- Project Management & Customer Response
- Project Engineering & Systems Division

- Overseas Business

OPERATIONS

- Heavy Electrical Plant, Bhopal
- Centre for Electric Transportation, Bhopal
- EMRP, Mumbai

- Transformer Plant, Jhansi

- Heavy Electrical Equipment Plant, Haridwar
- Pollution Control Research Institute, Haridwar

- Central Foundry Forge Plant, Haridwar

- Heavy Power Equipment Plant, Hyderabad

- Industrial Valves Plant, Goindwal

- High Pressure Boiler Plant, Tiruchirappalli
- Seamless Steel Tube Plant, Tiruchirappalli
- Welding Research Institute, Tiruchirappalli

- Piping Center, Chennai

- Boiler Auxiliaries Plant, Ranipet

- Electronics Division, Bangalore
- Electronics Systems Division, Bangalore
- Industrial Systems Group, Bangalore

Corporate Profile

BHEL is the largest engineering and manufacturing enterprise in India in the energy related/infrastructure sector today. Since its inception more than four decades ago, BHEL has been at the helm of indigenous Heavy Electrical Equipment industry in India with a sustained track record of earning profit since 1971-72. BHEL has grown in stature over the years with continued inflow of orders, manufacturing prowess, continued thrust on technology leading to a strong presence in domestic and international markets as a major supplier of power plant equipment besides establishing substantial inroads in select segment of products in Industrial sector and Railways. The company has realised the capability to deliver 15,000 MW p.a and the capacity expansion programme is underway to reach 20,000 MW p.a by 2012. Currently, 74% of the total power generated in the country is through BHEL sets.

BHEL caters to core sectors of the Indian Economy viz., Power Generation and Transmission, Industry, Transportation, Renewable Energy, Defence, etc. The wide network of BHEL's 15 manufacturing divisions, 2 repair units, 4 power sector regions, 8 service centres, 15 regional offices, 1 subsidiary and a large number of Project Sites spread all over India and abroad enables the Company to promptly serve its customers and provide them with suitable products, systems and services - efficiently and at competitive prices. The company has entered into a number of strategic joint ventures in supercritical coal fired power plants to leverage equipment sales besides living up to the commitment for green energy initiatives.

The Quality Systems as per ISO-9000 have taken deep roots in BHEL. The company has made significant achievements in Total Quality Management (TQM) by adopting the CII/EFQM model for Business Excellence. With six CII-EXIM Commendations secured during 2009-10, BHEL stands highest among public and private sector companies in the country. In recognition to BHEL's excellent performance on sustainability development, the CII-ITC Sustainability Award 2009 was conferred on BHEL's Hyderabad unit. In recognition of BHEL's contribution to the greening of the Lakshadweep Islands, BHEL was awarded the 'India Power-Jury Award 2009'. For the fourth consecutive year, BHEL's performance was recognised by the prestigious publication 'Forbes Asia', which featured

BHEL in its fourth annual 'Fabulous 50' list of the 'Best of Asia-Pacific's Publicly-Traded Companies' with revenues or market capitalisation of at least US\$ 5 billion, having highest long-term profitability and sales & earnings growth. BHEL is one of the only four Indian companies, ranked at 590, in 'The Global Innovation 1000' of Booz & Co., a list of 1,000 Publicly-Traded Companies which are the biggest spenders on R&D in the world. Significantly, BHEL won EEP's Top Export Award for the nineteenth year in succession. BHEL and its 6 units were awarded 'ICWAI Awards for Excellence in Cost Management' for 2009 – the maximum among both public and private sector companies. BHEL is the only Indian PSU to be recognised as Star PSU Company of the year by leading business daily 'Business Standard'.

POWER GENERATION

In Power generation segment, BHEL is the largest manufacturer in India supplying a wide range of products & systems for thermal, nuclear, gas and hydro-based utility and captive power plants and providing services from Concept to Commissioning to meet customer requirements.

BHEL-supplied utility power generating sets have gone up to 91731 MW maintaining the record of nearly two-third of the overall installed capacity and around three-fourth of the power generated in India. BHEL supplies steam turbines, generators, boilers and matching auxiliaries up to 800 MW ratings including sets of 660/800 MW based on supercritical technology. BHEL has facilities to go up to 1000 MW unit size. BHEL-make steam turbines are designed to achieve higher efficiencies. To make efficient use of high ash content coal available in India, BHEL also supplies Circulating



500 MW TG set under erection at 3x500 MW Indira Gandhi STPP at Jhajar

Fluidised Bed Combustion (CFBC) boilers for thermal power plants. BHEL is the only Indian company capable of manufacturing large-size gas-based power plant equipment, comprising advanced-class gas turbines up to 289 MW (ISO) rating for open and combined-cycle operations. BHEL engineers and manufactures custom-built hydro power equipment. Its range covers turbines of Francis, Pelton and Kaplan runners, pump turbines, bulb turbines and mini-micro hydro plants, with matching generators, for different head-discharge combinations. The Company has proven expertise in Plant Performance Improvement through Renovation, Modernization and Uprating of a variety of power plant equipment, besides specialized know-how of Residual Life Assessment, health diagnostics and life extension of plants. The company provides single window facility for post warranty services including supply of spares, Renovation & Modernisation and overhauling & maintenance of power plants.

During the year, BHEL-built power generating sets generated an all-time high 488 billion Units of electricity which was 74% of the total power generation in the country. Consistently exceeding the national average efficiency parameters, BHEL built thermal sets achieved an impressive Operating Availability (OA) of 87.0%; Plant Load Factor (PLF) at 78.4% was also higher than the national average. BHEL make 200-500 MW thermal sets, which form the backbone of the country's thermal generating capacity, operated at a PLF and OA of 82.2% and 90.1%, respectively. Significantly, these sets have been achieving an availability of more than 90% consistently for the last three years. Notably, 72 sets achieved PLF of over 90% and 133 thermal sets achieved operational availability higher than 90%.



4X250 MW O.P. Jindal Super Thermal Power Plant, Raigarh, set-up by BHEL

Of the 8 thermal power stations awarded with the Ministry of Power's Meritorious Productivity Awards for 2008-09, as many as 7 are equipped with generating equipment manufactured and supplied by BHEL, reaffirming the quality and reliability of BHEL's equipment.

BHEL is one of the few companies worldwide, involved in the development of Integrated Gasification Combined Cycle (IGCC) technology which would usher in clean technology.

BHEL offers a large variety of control equipment and solutions, for power stations ranging from simple control systems to single push-button automation. The company has expertise of supplying complete systems for entire power stations comprising Boiler, Turbine and Balance of Plant (BoP) and proven capabilities for executing power projects on Turnkey/EPC basis.

INDUSTRIES

BHEL is a leading manufacturer of a variety of electrical, electronic and mechanical equipments to meet the demand of a number of industries, like metallurgical, mining, cement, paper, fertilizers, refineries & petrochemicals etc., besides captive/industrial power utilities. BHEL has supplied systems and individual products including a large number of co-generation Captive power plants, Centrifugal compressors, Drive Turbines, Industrial boilers and auxiliaries, waste heat recovery boilers, Gas turbines, Pumps, Heat exchangers, Electrical machines, Valves, Heavy castings and forgings, Electrostatic precipitators, ID/FD fans, Seamless pipes etc., to a number of industries other than power utilities. BHEL has also emerged as a major supplier of controls and instrumentation systems,



Combined cycle co-generation power plant at Gandhar

especially distributed digital control systems for various power plants and industries. BHEL is the leading company in the world having mastered the art of burning Naptha in Gas Turbines. The Centralised Stamping Unit (CSU), a new manufacturing facility at Jagdishpur, has been made operational to meet the increased demand of stampings, a critical part of electrical machines, due to the growth in business and market demand for generators & electrical motors. The Industry sector is fully geared to execute EPC contracts for captive power plants from Concept to Commissioning.

TRANSPORTATION

BHEL's involvement in the transportation sector has been marked with rapid growth. The largest railway network of the world, the Indian Railways, is equipped with traction equipment built by BHEL. Most of the drives of the Railways, whether conventional DC or state-of-the-art AC or diesel powered, are equipped with BHEL's traction propulsion system and controls. The range of products supplied by BHEL includes traction motors, traction generators/alternators, transformers, substation equipment, vacuum circuit breakers, locomotive bogies, smoothing reactors, exciters, converters, inverters, choppers and associated control equipment, viz., master controllers, chopper controllers, brake and door equipment, electronic controls including software based controls extending to rolling stock and other transport applications.

BHEL has manufactured and supplied a large number of 3900 HP electric locomotives and 4700 HP AC/DC locomotives to Indian Railways and diesel-electric locomotives ranging from 350 HP to 2600 HP to cement, steel and fertiliser plants, thermal power stations, coalfields, ports, and other medium and large industries

and urban transportation projects. BHEL has also started the supply of equipment for Dual Voltage EMUs with 3 phase technology. Diesel Multiple Units, underground Metro-rail system at Kolkata, Electric Multiple Unit (EMU) service at Mumbai, Kolkata, Chennai and Delhi are all operating on drives and controls supplied by BHEL. BHEL has successfully developed and established energy efficient technology for IGBT based propulsion system for AC drives, a landmark achievement in transportation sector. With this, BHEL can now cater to the market of IGBT-based new projects for 25 kV AC EMUs and 1600 HP AC-AC DEMUs.

BHEL has also diversified into the area of track maintenance machines and coach building for Indian Railways and undertakes retrofitting and overhauling of rolling stock.

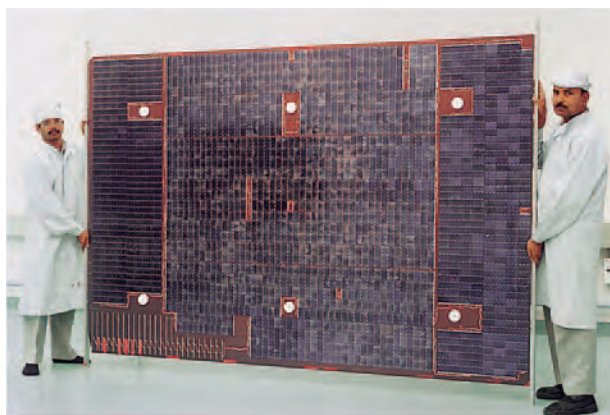
RENEWABLE ENERGY

In conformity with its concern for the environment, BHEL has been contributing to the national effort for developing and promoting renewable energy based products on a sustained basis. BHEL has commissioned 1065 kW of solar photo-voltaic grid interactive as well as stand-alone plants at 12 locations contributing to the preservation of the natural habitat of Lakshadweep islands.

Range of Renewable Energy product and systems manufactured and supplied includes a number of solar water heating systems, solar photo-voltaic (SPV) systems for both Domestic and Industrial application and wind electric generators all over India. As part of the government's green energy initiative, BHEL has upgraded its solar PV module manufacturing facility to



700 hp (SPP) Diesel-electric shunting locomotives for SAIL- ISP, Burnpur



Space grade solar panel manufactured at EDN, Bangalore

8 MW from 3 MW p.a. and continually striving to improve the economies of Solar PV modules with development of large size multi crystalline solar cells. In addition, BHEL fabricates space-grade solar panels and space-quality batteries for satellites launched by ISRO. Significantly, 12 Satellites launched by ISRO are powered by BHEL manufactured Solar Panels & 7 Satellites with BHEL manufactured Batteries.

OIL AND GAS

BHEL possesses expertise to design, manufacture and service various types of on-shore rigs to suit the Indian service conditions. The range of equipment covers on-shore deep drilling rigs, super-deep drilling rigs, heli-rigs, work-over rigs, mobile rigs and desert rigs with matching draw works and hoisting equipment. BHEL now has the capability to manufacture conventional on shore deep drilling rigs up to a depth of 9000 meters, mobile rigs to a depth of 3000 meters and well servicing rigs to a well depth of 6,100 meters. The company is in the process of manufacturing environment friendly AC-technology based oil rings for on- shore application.

BHEL is supplying onshore drilling rig equipment viz. Draw works, Rotary-table, Traveling block, Swivel, Mast and Sub structure, Mud systems and Rig electrics, Well heads & X-Mas tree valves upto 10,000 psi rating for onshore as well as offshore application to ONGC, Oil India Ltd. and Private Drilling Companies. BHEL has also supplied Casing Support System, Mudline Suspension System and Block Valves to ONGC for offshore application. BHEL has supplied GT driven centrifugal compressor packages to GAIL (India) Ltd for their gas compressor stations.

TRANSMISSION

BHEL is present in the field of power transmission in India with a wide range of transmission systems and products. The products manufactured by BHEL include Power transformers, Instrument transformers, Dry type transformers, Shunt reactors, Vacuum and SF6 switchgear, Gas insulated switchgears, Ceramic insulators, etc. Major critical hardware such as capacitor banks, circuit breakers, control and protection equipment and thyristor valves are in its manufacturing range.

BHEL has developed and commissioned indigenous 36 kV and 145 kV Gas Insulated Substations(GIS). Disc

insulators of rating 320 kN/ 420 kN have been developed and supplied for the first time in the country for use in ± 800 kV HVDC application. BHEL has indigenously developed and commercialized state-of-the-art controlled shunt reactor for reactive power management of long transmission lines.

In order to address the emerging opportunities in 765 kV transmission systems, BHEL has developed a reliable and compact Gas Insulated Current Transformer (CT) for Ultra High Voltage (UHV) substation applications and designed Transformer and CVT for 1200kV transmission substation which are slated for field testing at Bina test station of Power Grid. High Voltage Direct Current (HVDC) systems have been supplied for economic transmission of bulk power over long distances.

BHEL has entered into MoU with Toshiba Corporation, Japan to explore the possibility of establishing a Joint Venture Company to address Transmission and Distribution (T&D) business in India and other mutually agreed countries to undertake projects in Extra High Voltage Alternating Current (EHVAC) and Ultra High Voltage Alternating Current (UHVAC) range including 765kV transformers and reactors and Gas Insulated Switchgear (GIS), in addition to other products and systems.

The Company accepts full project responsibility for feasibility/ system studies, execution and commissioning of Fixed Series Compensation/ Controlled Shunt Reactor schemes. BHEL has the expertise with extensive on the job exposure for design and applications relating to Power System Studies and Feasibility Studies etc.



Power transformers under testing at BHEL's Ultra High Voltage Laboratory in Bhopal

INTERNATIONAL BUSINESS

Bucking the uncertainties surrounding the global economic recovery, BHEL has maintained its references in more than 70 countries across the world and is poised to expand its footprints in new market segments. These references encompass almost the entire range of BHEL products and services, covering Thermal, Hydro and Gas-based turnkey power projects, Substation projects, Rehabilitation projects, besides a wide variety of products like Transformers, Compressors, Valves, Oil field equipment, Electrostatic Precipitators, Photovoltaic equipment, Insulators, Heat Exchangers, Switchgears, Castings and Forgings etc.

The company has been successful in meeting the demanding requirements of international markets in terms of complexity of work as well as technology, quality and other requirements. BHEL has proved its capability to undertake projects on fast-track basis.



220 kV Chimtala substation in Afghanistan, commissioned by BHEL on turnkey basis

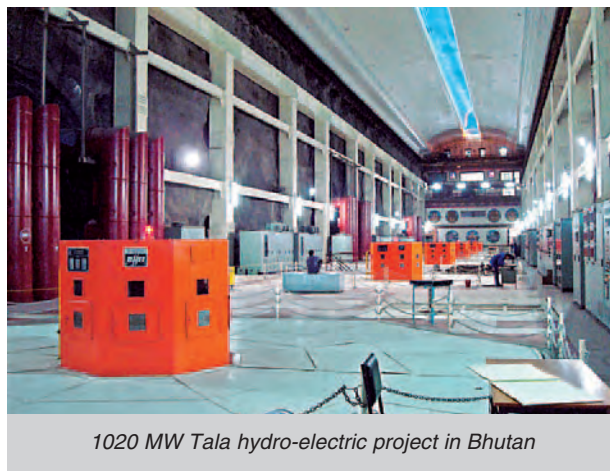
Continued focus on After Sales Services led to orders for Spares & Services from Oman, Saudi Arabia, Indonesia, UAE, Nepal, France, Sri Lanka, Kazakhstan, Iraq and Libya. The company has also established its versatility to successfully meet the varying needs of different sectors, be it captive power, utility power generation or the oil sector. Besides undertaking turnkey projects on its own, BHEL also possesses the requisite flexibility to interface and complement other international companies for large projects, and has also exhibited adaptability by manufacturing and supplying intermediate products.

The company is taking a number of strategic business initiatives to fuel further growth in overseas business.

Strategic alliances have been established in target export market positioning as a regular EPC service provider. Reference for Largest ever order for a Hydro power plant has been created by securing order of 1200 MW (6x200 MW) Puntasangchhu-I Hydro Power plant from Puntasangchhu Hydroelectric Project Authority, Bhutan. International visibility is also exhibited by participating in International exhibitions in Egypt, Vietnam, Syria & South Africa and winning best exhibitor award.

TECHNOLOGY UPGRADATION, RESEARCH & DEVELOPMENT

BHEL's products and systems are technology intensive and R&D/technology development is of strategic importance in its endeavour to become an all-inclusive engineering enterprise. During the year, BHEL has invested Rs.829 Crore on R&D efforts which corresponds to 2.43% of turnover of the company. To



1020 MW Tala hydro-electric project in Bhutan

meet the Customers' expectation the Company has upgraded its products to contemporary levels through continuous in-house efforts as well as through acquisition of new technologies from leading engineering organisations of the world. IPR capital of the company has grown by 27% in the year with 1 patent/copyright filed every day, taking total to 1100 nos.

The Corporate R&D Division at Hyderabad leads BHEL's research efforts in a number of areas of importance to BHEL's product range using emerging technologies. Research and product development centres at each of the manufacturing divisions play a complementary role. Centres of Excellence have been

set up for Simulators, Computational Fluid Dynamics, Permanent Magnet Machines, and Surface Engineering. As the sixth in the series, BHEL has established a Centre of Excellence for Machine Dynamics (COE-MDF). Centre of Excellence is being established for Compressors & Pumps. It is also working to set up a Centre for Nano-technology at Hyderabad.

In addition to the Corporate R&D Division, BHEL has four specialized institutes, viz., Welding Research Institute (WRI) at Trichy, Ceramic Technological Institute (CTI) at Bangalore, Centre for Electric Traction and Hydro lab at Bhopal and Pollution Control Research Institute (PCRI) at Haridwar.

BHEL has developed several state-of-the-art products viz. Nano fluids for enhancing efficiency in Transformer oil, Catalytic combustor for a typical Fuel Cell module, 260 MW steam turbine designed to suit combined cycle power plants, higher capacity Pulveriser for 800/1000 MW units with low level of NOx, Bypass Over Fire Air (BOFA) system for reduction of NOx from coal based thermal power plants, high-efficiency Francis and Pelton hydro turbines, new LP turbine variant which can be retrofitted in old Russian (LMW) 210 MW thermal sets, Automatic Storage & Retrieval System (ASRS) for storage and inventory management system of the Indian Army, Flexible AC Transmission Systems (FACTS), STATCOM, Phase Shifting Transformer (PST), 145 kV Gas Insulated Switchgear (GIS), Deaerator for 1000 MW power plants, PTFE-based Thrust pads for Hydro generator of capacity greater than 250 MW, IGBT based 3-phase propulsion system for 6000 HP locomotives, technology for manufacture of 400 kV long-rod composite insulators with nano materials, 320kN/420kN Porcelain insulators, 800 kV hollow insulator, Diagnostics and Optimization (PADO) package for power plants, 91 ton BHEL- 280 Bowl Mill, 25KW & 4.5KW compact PM alternators along with controller for Railway application etc. Commercialisation of indigenously-developed 420 kN Anti-fog Disc Insulators for India's first + 800 kV HVDC transmission line for Power Grid is one of the significant achievements by the company.

Reinforcing its position as a world class total solution provider, Technology for Control & Instrumentation for Power Plants has been upgraded enabling BHEL to offer state-of-the-art controls for Power Plant and related

applications. BHEL has developed and successfully commissioned a Maintenance Controller (an Integrated Asset Management and Decision Support System) at the Western Mountain Power Project, Libya based on Power Pac-G, software to take care of all maintenance needs of a Power Station. With development of 80 MVAR Controlled Shunt Reactor (CSR) for improving power transfer capability of high-voltage transmission systems, first of its kind in the world, BHEL has emerged as indigenous technology provider in Transmission Business arena. Capability has been built for multi-phase flow analysis on 700 MW Nuclear Steam Generator and Hydraulic design of 800 MW BFP.

The company is also engaged in research in futuristic areas like fuel cells for distributed environment-friendly power generation, clean coal technology applications, Ultra supercritical technology based applications in thermal power, standardisation of electrode making



145 kV Gas-insulated substation developed in-house at Corp. R&D

process, development of process for addition of Nano/ Micro particles for improving material characteristics, super conductivity applications in transformers, generators/ motors etc. With an array of new technologies at its command, BHEL is confident of meeting the challenges ahead and fulfilling its responsibilities as the premier engineering and manufacturing enterprise of India.

HUMAN RESOURCE DEVELOPMENT INSTITUTE

The Human Resource Development Institute (HRDI) situated in Noida, is the corner-stone of BHEL's learning Infrastructure, along with the Advanced Technical Education Centre (ATEC) at Hyderabad and the Human

Resource Development Centres (HRDCs) at different units. Through various organizational developmental efforts, these centres ensure that the prime resource of the organization – the Human Capital is always in a state of readiness to meet the dynamic challenges posed by the fast changing environment. It is their constant endeavour to take the HRD activities to the strategic level of becoming an active partner in achieving the organizational goals.

Guided by the HRD Mission statement *“To promote and inculcate a value-based culture utilizing the fullest potential of Human Resources for achieving the BHEL Mission”*, the HRDI through a step by step strategic long-term training process and several short-term need based programmes based on comprehensive organisational research, enables the human resources to unearth and polish their potential. HRDI is spearheading the HRD initiatives in the company and focusing on competency, commitment and culture building.

Some of the Core programmes include Strategic need based programmes; Competency based programmes and Functional Programmes like Advanced Management Programmes, General Management Programmes, Strategic Management Programmes, Senior Management Programmes, Middle Management Programmes, Young Managers Programmes and self starter programmes for budding managers.

In addition, the HRDI provides professional support to Corporate HR and HRDCs at Units/Divisions. HRDI is also accepting consulting assignments from other organisations in a selective manner.

HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT

BHEL's commitment towards environment is reflected in all its activities, products and services, providing safe and healthy working environment to all stakeholders. In conformity with its concern for environment, the company is committed to sustainable development with Environment improvement projects (EIP) forming part of the MoU with the Administrative ministry. In fact this aspect has become an integral part of the company's business performances. Some of the major EIPs at BHEL plants & townships included tree plantation drives, installation of rain water harvesting plants,

Energy and Conservation Projects utilising efficient technologies, reduction in noise level, improvement in chemical storage & handling systems, improvement in fumes extraction systems, Resource conservation Plants (Lubricants/ Metals/ Coolants), utilisation of Non-conventional energy resources etc.

Significantly, BHEL has also taken initiatives on Clean Development Mechanism (CDM) projects to reduce greenhouse gas emissions in a more focused way and vigorous efforts are being made to achieve milestones in this area. A broad reference list of CDM activity projects both of in-house implementation and joint claim projects with customers has been generated.

BHEL is in the process of setting up two eco-friendly Grid-Interactive Solar Photovoltaic (SPV) Power Plants of 2 MW & 1 MW, on turnkey basis, for KPCL-Karnataka, as its contribution to the Jawaharlal Nehru National Solar Mission. In conformity with Green Energy initiative, a more energy efficient single cylinder non-reheat steam turbine for 100-140MW application has been developed to harness waste heat from process plants. This is the largest single cylinder steam turbine engineered so far by BHEL.

All manufacturing Units/Regions of the company are accredited to international standards viz. ISO-14001 certification for environmental management and OHSAS-18001 certification for occupational health and safety management systems.

CORPORATE SOCIAL RESPONSIBILITY

BHEL has developed a CSR scheme and its Mission Statement on CSR is *“Be a Committed Corporate Citizen, alive towards its Corporate Social Responsibility”*.

As part of its Corporate Social Responsibility (CSR), BHEL undertakes socio-economic and community development programmes to promote education, improvement of living conditions and hygiene in villages and communities located in the vicinity of its manufacturing plants and project sites spread across the country. Thrust is being given to in eight areas—Self Employment Generation; Environment Protection; Community Development; Education; Health Management & Medical Aids; Orphanages & Old-age Homes; Infrastructural Development; and Disaster/ Calamity Management.

As part of social commitment, 3626 Act Apprentices were trained in the company; 7011 students/trainees from various professional institutions underwent vocational training; 56 villages having nearly 80,000 inhabitants have been adopted. Reaching out to the distressed victims in the flood-ravaged areas of Andhra Pradesh and Karnataka, BHEL has made a humble contribution to help alleviate their suffering. In addition, BHEL provides financial assistance to various NGOs/Trusts/Social Welfare Societies that are engaged in social welfare activities throughout the country.

PARTICIPATION IN THE UN'S GLOBAL COMPACT PROGRAMME

As the world's largest global corporate citizenship initiative, the Global Compact is the first and the foremost concern which is exhibiting and building the

social legitimacy of business and markets. BHEL reiterated its commitment to the United Nations' Global Compact Programme and continued to play a lead role in promoting the set of core values enshrined in its ten principles on human rights, labour standards, environment and anti-corruption and intends to advance these principles forming part of its strategy & culture within its sphere of influence. BHEL demonstrated its commitment through regular pooling of communication of progress (COP) on the UNGC website and organising a National Convention to disseminate the concepts of Global Compact.

Company publicly advocates with its employees and other stakeholders and regularly incorporates its commitments towards Global Compact programme through its Annual Report, press conferences and other public documents.



Free eye testing camp organised by BHEL at Srinagar, Uttarakhand



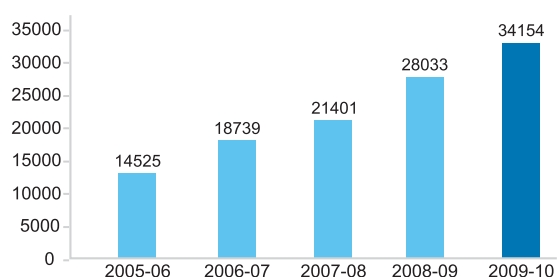
A cheque of Rs. 2.5 Crore, contributed by BHEL and its employees, was handed over to the Chief Minister of Andhra Pradesh by the Union Minister of Heavy Industries and Public Enterprises for rehabilitation of flood victims

YEAR AT A GLANCE

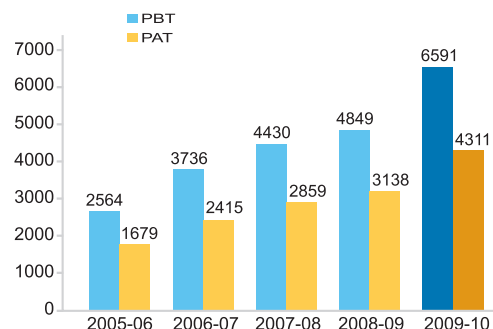
(Rs. in Crore)

	2009-10	2008-09	CHANGE (%)
Orders Outstanding	144300	117000	23.33
Orders Received	59037	59678	-1.07
Turnover	34154	28033	21.83
Value Added	13171	9894	33.12
Employee (Nos.)	46274	45666	1.33
Profit Before Tax	6591	4849	35.92
Profit After Tax	4311	3138	37.38
Dividend	1141	832	37.14
Corporate Dividend Tax	191	142	36.17
Retained Earnings	2979	2164	37.62
Total Assets	46960	39581	18.64
Net Worth	15917	12939	23.02
Total Borrowings	128	149	-14.09
Debt : Equity	0.01	0.01	-
Per Share (in Rupees) :			
- Net worth	325.16	264.32	23.02
- Earnings	88.06	64.11	37.36
Economic value added	2670	2008	32.97

Turnover (Rs. in Crore)

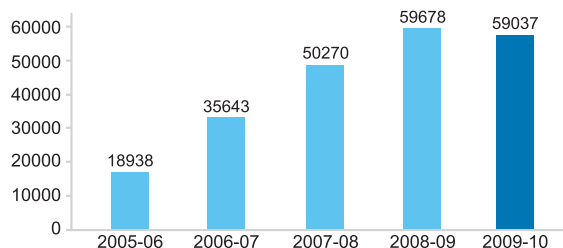


Profit Before Tax/ Profit After Tax (Rs. in Crore)

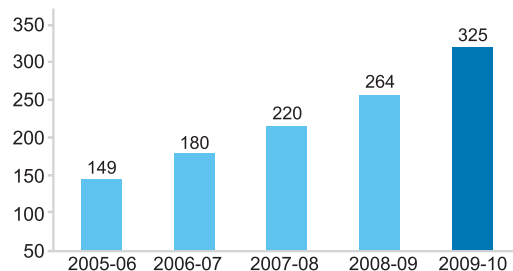


Financial Charts

Orders Secured (Rs. in Crore)

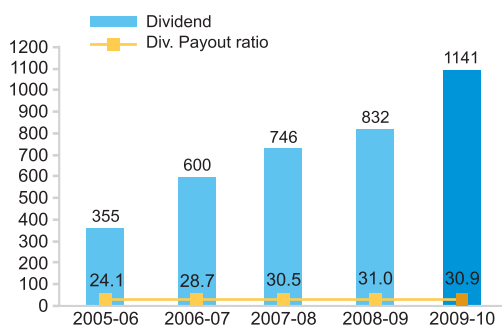


Net Worth Per Share (in Rs.)

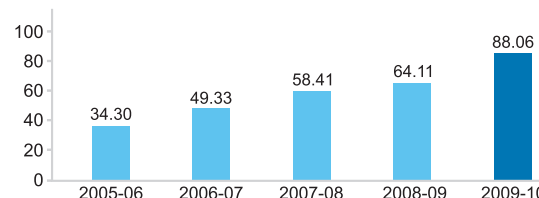


In 2007-08 bonus shares were issued in the ratio of 1:1, figures (charts) are re-stated based on enhanced share capital for comparison.

Dividend Ratios

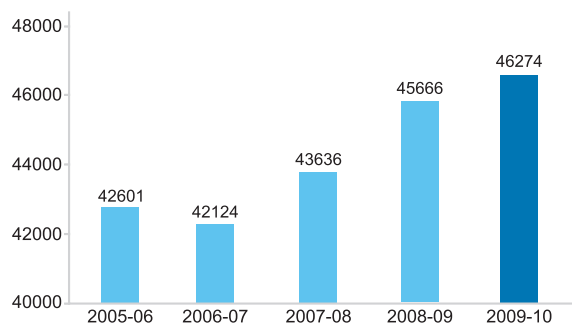


Earnings Per Share (in Rs.)

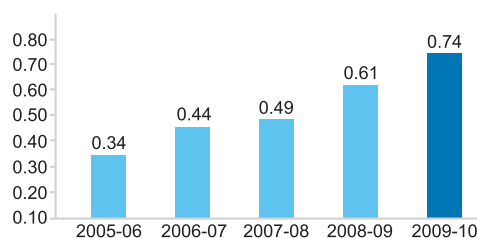


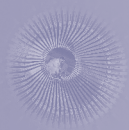
In 2007-08 bonus shares were issued in the ratio of 1:1, figures (charts) are restated based on enhanced share capital for comparison.

Manpower (in Nos)



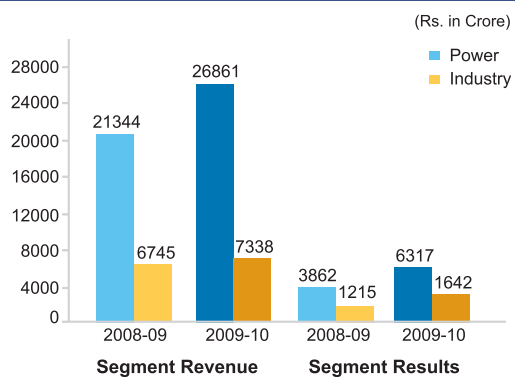
Turnover Per Employee (Rs. in Crore)



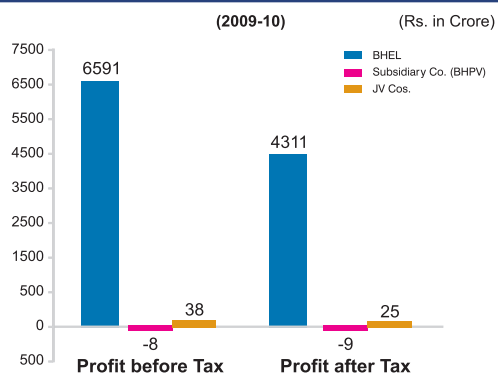


Financial Charts

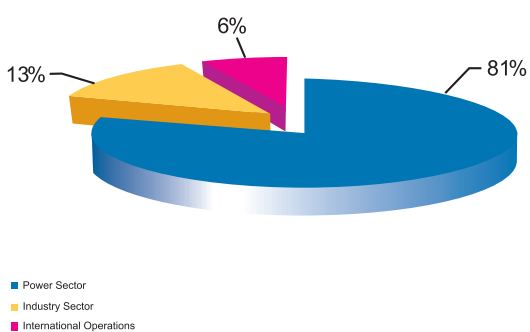
Segment-wise Revenue & Results



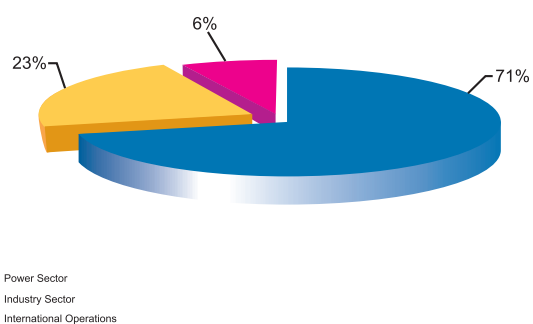
Consolidated Financial Statements PBT/PAT



Sector-wise order book outstanding as at March 31, 2010



Sector-wise order book 2009-10



Awards



CMD, BHEL receiving the SCOPE MoU Excellence Award for 'Highest Growth Rate in Market Capitalization' from the Prime Minister of India



CMD, BHEL receiving 'India Pride Gold Award' from the Union Home Minister



CMD, BHEL receiving the 'Business Standard Star PSU of the Year Award' from the Union Home Minister



CMD, BHEL receiving 'ICWAI National Award for Excellence in Cost Management' for the 5th consecutive year from the Union Minister of State for Corporate Affairs

DIRECTORS' REPORT

To the Members,

We are delighted to present our 46th Annual Report on the business and operations of the Company for the year ended March 31, 2010.

FINANCIAL PERFORMANCE

	Financial Year	
(In Rs. Crore except per share data)	2009-10	2008-09
(a) Turnover	34154	28033
(b) Profit before depreciation, interest & tax	7083	5214
(c) Less: Depreciation	458	334
(d) Less: Interest & Finance charges	34	31
(e) Profit before tax	6591	4849
(f) Less: Provision for Taxes (including deferred tax & Fringe benefit tax)	2280	1711
(g) Profit after Tax	4311	3138
(h) Add/(less) Statutory appropriation	1	1
(i) Distributable Profit	4312	3139
(j) Add: Balance brought forward from the previous year	595	430
(k) Balance available for appropriation	4907	3569
i) Dividend (including interim dividend)	1141	832
ii) Corporate Dividend tax (incl. on interim dividend)	191	142
iii) Amount transferred to General Reserve	3000	2000
(l) Balance in P&L account to be carried forward	575	595
(m) Earnings per Share (Rs.)	88.06	64.11
(n) NAV per share (Rs.)	325.16	264.32
(o) Economic Value Added (Rs. crore)	2670	2008

FINANCIAL HIGHLIGHTS

During the year, the company witnessed a healthy growth in Turnover by 21.83% to Rs. 34154 crore from Rs. 28033 crore in the previous year. The Turnover (net of excise duty) increased by 25.37% from Rs. 26212 crore in 2008-09 to Rs. 32862 crore in 2009-10. Profit before Tax for the year 2009-10 is placed

at Rs. 6591 crore as against Rs. 4849 crore during 2008-09, a growth of 35.92% as compared to previous year. Profit after Tax is placed at Rs. 4311 crore as against Rs.3138 crore during 2008-09, a growth of 37.38% over previous year.

Increase in turnover coupled with savings in material cost over previous year have contributed to the better financial performance during the year.

The changes in estimated contract revenue and estimated contract cost for AS 7 (R) contracts under execution in 2008-09 and continuing in 2009-10 is (+) 0.62% and (-) 2.43% respectively, with the consequential impact on turnover.

The wage revision settlement with employees has been finalised during the year. The arrears due from 01.01.2007 to 31.03.2009 amounting to Rs. 2087.51 crore (Net of Rs. 798.59 crore Ad-hoc and 50% DA merger impact accounted up to 31.03.2009) have been charged to Profit and Loss Account and provision available up to 31.03.2009 amounting to Rs. 1749.34 crore has been withdrawn in the Profit and Loss Account.

Net worth of the company has gone up from Rs. 12939 crore to Rs. 15917 crore registering an increase of 23.02%. Net Asset Value (NAV) per share has increased from Rs. 264.32 in 2008-09 to Rs. 325.16 in 2009-10.



Union Minister of Heavy Industries & Public Enterprises handing over BHEL's final dividend cheque to the Union Finance Minister

DIVIDEND

The Board has recommended a Final Dividend of 123% (Rs. 12.30 per share), Rs. 602.11 crore, for the year 2009-10. An interim dividend of 110% (Rs. 11 per share), Rs. 538.47 crore, on share capital of Rs. 489.52 crore, has already been paid for the year 2009-10. Thus the total dividend payment for the year 2009-10 is

Rs. 1141 crore (exclusive of dividend tax) as against Rs. 832 crore paid in the previous year.

Provision of Rs. 100 crore has been made for Corporate Dividend Tax on the Final Dividend proposed. Corporate Dividend Tax of Rs. 91 crore has already been paid on the interim dividend.

ORDERS RECEIVED

Orders worth Rs. 59037 crore were received during the year as against Rs. 59678 crore in 2008-09. Sector-wise orders booked are as follows:

(Rs. in Crore)	2009-10	2008-09
Power Sector	41982	47167
Industry Sector*	13484	9245
International Operations	3571	3266
Total Orders Booked	59037	59678
Order Book outstanding at the end of the year	144300	117000

* Excludes Inter Sectoral Orders

RATING OF BHEL VIS-À-VIS MOU TARGETS

Performance of BHEL for the year 2008-09 has been rated as 'Good' in terms of MoU signed with the Government of India. BHEL has been awarded the MoU Composite score of '2.64'. Two major aspects that impacted the company's performance during 2008-09 were: enhancement in provisioning for wage revision and steep increase in cost of input material procured by the company. However, except in 2008-09, BHEL was rated "Excellent" every year from 2001-02 onward.

The MoU rating for 2009-10 is under finalisation by the Government of India. However, company's own assessment places performance of the company in 'Excellent' category for F.Y. 2009-10.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is placed at **Annexure-1**.

BOARD OF DIRECTORS

Appointment

Shri B. Prasada Rao, the then Director (IS&P), BHEL was appointed as Chairman & Managing Director, BHEL w.e.f. 01.10.2009 vide Order No. 1(4)/2008-PE.XI. Pursuant to Orders from DHI, Shri B.P. Rao is holding additional charge of the post of Director (IS&P) w.e.f. 01.10.2009 and of the post of Director (Finance) w.e.f. 10.06.2010 till the appointment of regular incumbents.

Shri B. Prasada Rao also held the additional charge of the post of Director (E,R&D), BHEL for the period 01.10.2009 to 23.12.2009.

Shri Atul Saraya, has been appointed as Additional Director to take charge of the office of Director (Power), BHEL w.e.f. 01.10.2009.

Shri V.K. Jairath has been appointed as Part-time Non-Official Director w.e.f. 12.11.2009.

Shri Shekhar Datta has been appointed as Part-time Non-Official Director w.e.f. 27.11.2009.

Shri O.P. Bhutani has been appointed as Additional Director to take charge of the office of Director (E,R&D) w.e.f. 24.12.2009.

In accordance with Section 260 of the Companies Act, 1956 and Article 67(iv) of the Articles of Association of the Company, S/Shri Atul Saraya, V.K. Jairath and O.P. Bhutani shall hold their directorships upto the 46th Annual General Meeting of the Company and are eligible for appointment as Directors at the Meeting.

Cessation

Shri K. Ravi Kumar was appointed as Director (Power) w.e.f. 16.05.2005 and was holding additional charge of the post of Chairman & Managing Director from 01.03.2008. On completion of his tenure, he laid down the office of Director (Power) and Chairman & Managing Director on 30.09.2009.

Shri C.S. Verma, Director (Finance), consequent upon his appointment as Chairman, SAIL, has relinquished the charge of the post of Director (Finance) and was relieved from the services of BHEL on 10.06.2010.

Shri Shekhar Datta, who was appointed as Part-time Non-Official Director on 27.11.2009, has since resigned and ceased to be a Director of the company w.e.f. 23.04.2010.

The Board of Directors place on record their deep appreciation of the valuable services rendered as well as advice and guidance provided by Shri K. Ravi Kumar, Shri C.S. Verma and Shri Shekhar Datta during their tenure.

Further pursuant to Sections 255 and 256 of the Companies Act, 1956 and Article 67(i) of the Articles of Association of the Company, S/Shri S. Ravi, A.K. Basu and M.A. Pathan will retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-appointment.

In compliance with Clause 49(IV)(G)(i) of the Listing Agreement, brief resumes of the Directors proposed

for appointment and re-appointment along with the nature of their expertise in specific functional areas and names of companies in which the person also holds the directorship along with the membership of the Committees of the Board are given at **Annexure -2** forming part of the Directors' Report.

OFFICIAL LANGUAGE IMPLEMENTATION

The Company continued its thrust on Official Language implementation in line with Govt. of India's policy. Important activities undertaken during the year are as under:

- Hindi workshops and Hindi computer training programme in prescribed numbers were organised in all the Units/Divisions including Corporate Office.
- All the Units/Divisions of the company, including Corporate Office, celebrated Hindi Divas on 14/9/2009 and organised various Hindi competitions during the celebration of Hindi Week/ Fortnight/ Month in the month of September, 2009.
- 04 employees of the Company were given cash award for writing books in Hindi under Hindi Pustak Lekhan Puraskar Yojana.
- A five day Refresher Course was organised in the month of October, 2009 for Rajbhasha Officers and Translators working in the Company.
- All BHEL Hindi Coordinators Meet was held in the month of January, 2010 in Udaipur, Rajasthan to discuss the various issues relating to the official language implementation.
- With a view to create interest towards Hindi among the employees, all the Units/Divisions including Corporate Office spent the required amount on purchase of Hindi books during the year.

- All the major Units and some of the Divisions of the Company published annual Hindi magazine and Corporate Office brought out 04 issues of its quarterly Hindi Magazine "Arunima" during the year.
- Committee of Parliament on Official Language inspected our Varanasi, Tiruchy, EPD Units during the year and appreciated the efforts being made in implementing Official Language Policy of the Govt. and took some assurances from us to enhance the use of Hindi in official work.
- Power Sector-ER bagged Third Prize from the Department of Official Language, Ministry of Home Affairs, Govt. of India for excellent performance in the area of Official Language Implementation among the PSUs located in Kolkata.
- Many awards were received by the employees of major Units including Corporate Office in various Hindi Competitions organised under the auspices of Town Official Language Implementation Committee.
- 12 BHEL Units/Divisions were inspected by Corporate Rajbhasha Implementation Group.
- All the functions e.g Republic Day, Independence Day, International Women's Day etc. were conducted in Hindi in Corporate Office and major Units of the Company located in Region A.

PARTICIPATION IN THE GLOBAL COMPACT OF THE UNITED NATIONS

BHEL reiterates its commitment to United Nations Global Compact (UNGC) Programme and set of core values enshrined in its ten principles on human rights, labour standards, environment and anti corruption.

Company intends to advance GLOBAL COMPACT (G.C.) Principles as a responsible corporate citizen. BHEL has taken a lead role in promoting G.C principles in other Indian organizations through Global Compact Network (GCN) – an apex level nodal agency, formed by the leading Indian organizations. BHEL continued to remain in the forefront in all activities of the Network as Secretary/GCN being BHEL nominee. Notable activities of the year were organizing National Convention, Asia Pacific Regional Conclave and holding of monthly meetings of the Network through case studies/ organizational experience sharing, addressing the Global Compact principles in Indian context.

In recognition of BHEL's contribution in support of Global Compact programme and its outstanding Communication on Progress (COP), UNGC continued to place BHEL under 'Notable COP' category.



Hindi Prize Distribution Function held on 9th October, 2009 presided over by Shri Upendra Kumar, IAS (Retd.) & Hindi scholar. Director (HR), Former ED(CEPD, ARP, TL&JV) and ED (HR&CC) were also present on the occasion

BHEL is an environment friendly company in all its activities, products & services, besides providing safe and healthy working environment to all its stakeholders and has made UNGC programme as part of the Company's strategy, culture and day-to-day operations.

VIGILANCE

The vigilance organisation of BHEL is headed by the CVO. Each Unit / Region of BHEL has a vigilance set up headed by a senior vigilance executive reporting to the CVO.

As in earlier years, preventive vigilance was one of the thrust areas of BHEL Vigilance during 2009-10. Inadequate awareness or wrong interpretation of the Company's policies, rules and procedures often leads to lapses / irregularities. This awareness amongst employees of the organization is generated by organizing training programmes. 76 such programmes were organized during the year 2009-10 in various Units, Regions and offices of BHEL.

During the year 2009-10 Vigilance Heads of all Units / Regions have carried out system studies with a view to make systems more effective and transparent. Some of the major areas where suggestions/recommendations were made to the Management are as under:

- Preparation of estimates for Civil and Structural Works with special focus on Bill of Quantity (BOQ) descriptions, preparation and basis of estimates
- Vendor Registration procedure (SEARP, 2010)
- Purchase Policy
- Uniform Loading / evaluation criteria in tenders
- Parking of BHEL PF funds with the Arrangers
- Guidelines for dealings with Indian Agents of Foreign Principals

Transparency in various areas of Company operations, especially those requiring interface with customers and suppliers helps instill confidence in the stakeholders and achieve vigilance objectives. Some of these successfully implemented measures include:

- Tender notifications are uploaded on web.
- Purchase Orders, Works Contracts, procedure and forms related to Vendor registration are also being hosted on the web site.
- E-payment of vendor bills is being implemented throughout the organization and principle of first come first served is being followed as a rule in payment of vendor bills.

SECURITY

The company's security mechanism is sufficient and gear up to provide security to each plant/unit. Whereas the security of most of the Plants of the company is being managed by the CISF, in some Plants, the company has its own security. In other Plants, Corporate Office and Regional Offices, the security is being looked after by the private agencies like M/s EATS sponsored by Directorate General Resettlement, Govt. of India or Ex-Servicemen Corporations.

Adequate measures have been taken for security of computers. Deptt. of Electronics, Govt of India(srac) have also carried out inspection of our software security mechanism and their suggestions have been implemented.

Security audit of major plants is being done by the Intelligence Bureau periodically and the additional requirements, wherever pointed out by them, are immediately complied with by the concerned units. Review of security is done internally also from time to time.

The Management, security staff and the employees of company are sensitized to the security needs of company.

SUSTAINABILITY

Sustainability is an integral part of company's strategy. BHEL is committed to be an Environment friendly company in all its areas of activities, products and services, providing safe and healthy working environment. In fact, this aspect has become an integral part of the company's business performance. Significantly, BHEL has also taken initiatives on Clean Development Mechanism (CDM) projects to reduce green house gas emissions in a more focused way and vigorous efforts are being made to achieve milestones in this area.

In line with the company's strategy, BHEL undertakes a lot of Environment Improvement projects and Community Development Programmes. Some of the major EIPs executed in the past at BHEL plants and townships included tree plantation drives, installation of rain harvesting plants, efficient water and energy management, reduction in noise level, improvement in chemical storage and handling systems etc.

BHEL scheme on Corporate Social Responsibility has evolved over the years and has been endorsed by the top management as a policy statement, on the underlying principal that BHEL is a Committed

Corporate Citizen and its Corporate Social Responsibility is not only to build synergy between business and Corporate Social Responsibility but is an integral part of business strategy.

A journal is also published for wider circulation on Health, Safety and Environment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2009-10 and of the profit of the company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

CORPORATE GOVERNANCE

As per the requirements of Clause 49 of the Listing Agreement a detailed report on Corporate Governance together with the following is given at **Annexure-3**:

- (i) CEO/CFO Certificate [as per Clause 49(V)] and
- (ii) Certificate from the Company's Auditors [as per Clause 49(VII)].

OTHER DISCLOSURES

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given at **Annexure-4**.

The detail of the employees who are drawing remuneration in excess of the limits prescribed under

section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 is given at **Annexure-5**.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company is given at **Annexure-6**.

AUDITORS

The Auditors of your Company are appointed by the Comptroller and Auditor General of India. The names of auditors appointed for the year 2009-10 are printed separately in the Annual Report.

We are glad to inform that there is no qualification in the Auditors' Report and there is no comment of Comptroller and Auditor General of India on the Annual Accounts of the Company for the year 2009-10. The reports are given at **Annexure-7**.

ACKNOWLEDGEMENTS

The Board places on record its sincere appreciation towards the Company's valued customers in India and abroad for the support and confidence reposed by them in the organisation and looks forward to the continuance of this mutually supportive relationship in future.

The Board also gratefully acknowledges the support and guidance received from various Ministries of the Government of India, particularly the Department of Heavy Industry, in Company's operations and developmental plans. The Directors express their grateful thanks also to the Comptroller and Auditor General of India, Chairman and Members of Audit Board, Statutory auditors, Branch auditors and Cost auditors. The Company also wishes to place on record its appreciation of the continued co-operation received from all the Technology Collaborators and Suppliers and support provided by the Financial Institutions and bankers. The Board wishes to record its deep gratitude to all members of the BHEL family whose enthusiasm, dedication and co-operation has made the continued achievement of an excellent performance possible.

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



B. Prasada Rao

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : July 23, 2010

ANNEXURE – 1 TO THE DIRECTORS' REPORT

Management Discussion and Analysis

A. FINANCIAL OPERATIONS

Analysis of the financial performance of the Company

(I) STANDALONE FINANCIAL RESULTS

BALANCE SHEET

I. SHARE CAPITAL

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Authorised Share capital	2000	2000
Issued, subscribed & Paid up Share Capital	490	490

There is no change in the share capital during the year 2009-10.

2. RESERVES & SURPLUS

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Capital Reserve	3	3
Foreign Project Reserve	-	1
General Reserve	14850	11850
Profit & Loss Account	575	595
	15428	12449

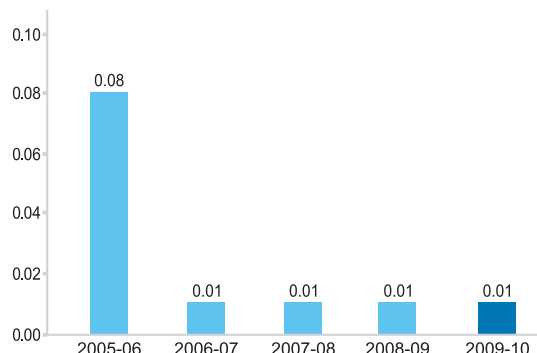
The Reserve & Surplus has increased by Rs. 2979 crore during 2009-10 after addition of profit after dividend distribution.

3. LOANS FUNDS

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Secured Loans	-	-
Unsecured Loans	128	149

Unsecured Loan represents credit for assets taken on Finance Lease.

Debt Equity Ratio



4. FIXED ASSETS

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Gross Block	6580	5224
Less: Depreciation/ amortisation	4151	3713
Less: Lease Adjustment Account	14	41
Net Block	2415	1470
Capital Work-in-Progress	1530	1157

Gross Block and Capital Work in progress increased by Rs. 1356 crore and Rs. 373 crore respectively during the year due to Capital expenditure incurred on ongoing capacity augmentation programme at various manufacturing units and the erection and commissioning facilities at project sites.

5. INVESTMENTS

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Long Term Trade Investments	80	52

Long-term trade investments have increased by Rs. 28 crore mainly on account of Equity participation in Joint Venture Companies.

6. DEFERRED TAX ASSETS (NET)

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Deferred Tax Assets (Net)	1527	1840

Deferred Tax assets (Net) have decreased by Rs. 313 crore, mainly due to changes in temporary disallowance as per Income Tax Act as on 31.03.10.

7. INVENTORIES

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Inventories	9235	7837

Inventory increased by Rs. 1398 crore over previous year in tune with the increase in volume of operations but in terms of days of turnover, it has decreased from 102 days in 2008-09 to 99 days in 2009-10.

8. SUNDRY DEBTORS

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Sundry Debtors (Net)	20689	15976

Debtors in absolute terms increased by Rs. 4713 crore mainly due to increase in turnover. In terms of days of turnover it increased from 208 days in 2008-09 to 221 days in 2009-10. The increase in debtors is due to delay in funding arrangement/ fund allocation by the customer, increase in deferred debts etc.

9. CASH AND BANK BALANCES

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Cash & Bank Balances	9790	10315

The cash and cash equivalents have decreased from Rs.10315 crore in 2008-09 to Rs. 9790 crore in 2009-10, mainly due to payment of wage revision arrears.

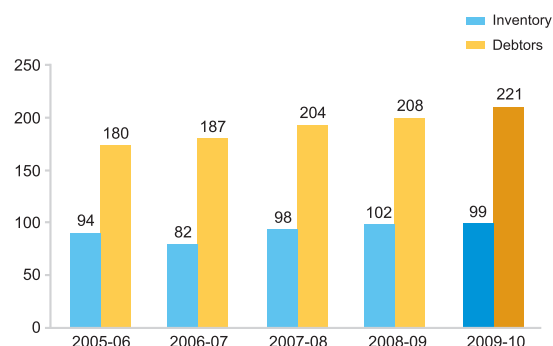
10. LOANS AND ADVANCES & OTHER CURRENT ASSETS

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Loans & advances	2814	2424
Other Current assets	407	350

Loans & advances have increased by Rs 390 crore in line with increased level of operations. Other current assets represent interest accrued on bank deposits and investments.

Inventory/Debtors in no. of days of turnover



11. CURRENT LIABILITIES & PROVISIONS

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Current Liabilities	28024	23357
Provisions	4418	4976
	32442	28333

The increase in current liabilities is mainly due to increase in advances from customers by Rs. 2755 crore and in sundry creditors & other liabilities by Rs.1828 crore due to increase in volume of operations. The decrease in provision is on account of settlement of wage revision during the year and consequent withdrawal of provision created for wage revision.

PROFIT & LOSS ACCOUNT

12. TURNOVER

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Gross Turnover	34154	28033
Less: Excise Duty & Service Tax	1292	1821
	32862	26212

Turnover net of Excise Duty increased by 25.37% during the year, Power segment and industry segment contributed 77% and 23% respectively for the total revenue of the company.

13. OTHER INCOME

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Other operational Income	493	514
Other income	347	213
Interest Income	808	770
	1648	1497

Increase in other income is mainly on account of Exchange variation gain.

14. CONSUMPTION OF MATERIAL, ERECTION & ENGINEERING EXPENSES

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Consumption of Material, Erection & Engineering Expenses	20672	17620

The increase in Consumption of Material, Erection & Engineering Expenses by Rs. 3052 crore or 17.32% was mainly on account of increase in Turnover / volume of operations, which was increased by 21.83%. As percentage of Net Turnover it decreased from 67.22% in 2008-09 to 62.91% in 2009-10.

15. EMPLOYEES REMUNERATION & BENEFITS

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Employees Remuneration & Benefits	6449	2984
Less : Provision Withdrawn	1749	-
Net Employees Remuneration and Benefits	4700	2984

Consequent to wage revision settlement the arrears have been booked to natural heads with corresponding withdrawal of provision for wage revision. (Refer Note No. 26-B of Schedule-19)

16. OTHER EXPENSES OF MANUFACTURING, ADMINISTRATION, SELLING & DISTRIBUTION

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Other Expenses of Manufacturing, Administration, Selling & Distribution	2155	1836

The increase in other Expenses of manufacturing, Administration, Selling & Distribution is Rs. 319 crore or 17.37% as compared to 2008-09 in line with the increased level of operations of the company.

17. PROVISIONS

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Provisions (Net)	-934	1281

Decrease in Provisions (Net) is on account of withdrawal of provision for wage revision as wage revision due from 01.01.2007 was settled in 2009-10 and provision created in the earlier years has been withdrawn during 2009-10.

18. INTEREST AND OTHER BORROWING COSTS

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Interest and other borrowing costs	34	31

The interest cost represents the interest component of the lease rentals on assets taken on Finance lease.

19. DEPRECIATION

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Depreciation	458	334

The increase in depreciation by Rs. 124 crore was on account of increase in gross block on commissioning of assets, as part of ongoing capacity augmentation schemes.

20. PROVISION FOR TAXATION

	Figures in Rs. Crore	
	F.Y. 2009-10	F.Y. 2008-09
Income Tax-Current Year	2006	2250
- Earlier Years	(-) 34	(-) 78
Deferred tax	313	(-) 502
Fringe Benefit Tax-Current Year	-	40
- Earlier Years	(-) 5	1
	2280	1711

The increase in provision for taxation is in line with the growth in profit for the year.

21. PROFIT AFTER TAX

Figures in Rs. Crore

	F.Y. 2009-10	F.Y. 2008-09
Profit after Tax	4311	3138

The Net profit for the year rose by Rs. 1173 crore or 37.38%.

22. DIVIDEND

The company has paid an interim dividend of 110% (Rs. 11 per share), Rs.538 crore, on share capital of Rs. 490 crore during the year 2009-10. The Board has also recommended a Final dividend of 123% (Rs.12.30 per share) i.e. Rs. 602 crore.

The total dividend payment for the year 2009-10 is Rs. 1141 crore (exclusive of dividend tax) as against Rs. 832 crore in the previous year.

Provision of Rs. 100 crore has been made for corporate dividend tax on the Final dividend proposed. Corporate dividend tax of Rs. 91 crore has already been paid on the interim dividend.

23. TRANSFER TO GENERAL RESERVE

Rs. 3000 crore has been transferred to General Reserve for the year 2009-10 as against Rs. 2000 crore in the previous year.

(II) FINANCIAL REVIEW OF SUBSIDIARY COMPANY

Bharat Heavy Plate and Vessels Ltd. (BHPV) is 100% Subsidiary Co. of BHEL taken over on 10.05.2008. BHEL is in the process of reviving the Company with adequate managerial and financial support.

The financial highlights of BHPV are as under:

Figures in Rs. Crore

Particulars	F.Y. 2009-10	F.Y. 2008-09
BHEL's Investment in Equity	at Re.1/-	at Re. 1/-
Advance against issue of shares	34.00	34.00
Turnover	104.31	84.39
Profit after Tax	(-) 8.60	96.35 #
Net Worth	(-) 238.54	(-) 229.95

includes Rs. 230.08 crore interest waived on loans.

(III) FINANCIAL REVIEW OF JOINT VENTURE COMPANIES

a) BHEL - GE GAS TURBINE SERVICES PVT. LTD. (BGGTS)

BGGTS is a Joint Venture Company of BHEL & GE USA, formed to take up repair & servicing of GE designed Gas Turbines. The Financial highlights of the Company are as under:

Figures in Rs. Crore

Particulars	F.Y. 2009-10	F.Y. 2008-09
BHEL's Investment in Equity	2.38	2.38
Turnover	434.54	427.29
Profit after tax	50.42	44.31
Net Worth	70.58	55.76

b) NTPC - BHEL POWER PROJECTS PVT. LTD. (NBPPPL)

A Joint Venture between BHEL & NTPC incorporated on 28th April, 2008 for carrying out EPC activities in the Power Sector. The Financial highlights are as under:

Figures in Rs. Crore

Particulars	F.Y. 2009-10	F.Y. 2008-09
BHEL's Investment in Equity	25.00	0.05
Turnover	2.30	-
Profit after tax	(-) 0.76	(-) 2.35

c) UDANGUDI POWER CORPORATION LTD.

A Joint Venture between BHEL & TNEB, incorporated on 26th December, 2008, to build, own and operate a 1600 MW (2x800 MW) Super Critical Thermal Power Plant at Udangudi. The Corporation is in the process of setting up a Thermal Power Plant of Capacity 2x800 MW at Udangudi, Tuticorin Dist. in Tamil Nadu. The Company has obtained the required land and the development of the same is on.

Figures in Rs. Crore

Particulars	F.Y. 2009-10	F.Y. 2008-09
BHEL's Investment in Equity	5.00	5.00
Net Block	0.37	-
Capital Work in Progress	4.55	0.39

d) BARAK POWER PVT. LTD.

A Joint Venture between BHEL & PTC, incorporated on 1st Sept, 2008. BHEL has Contributed Rs. 5 lakh towards Equity participation. There were no major financial activities during the year.

e) POWER PLANT PERFORMANCE IMPROVEMENT LTD.

A Joint Venture between BHEL and Siemens is under liquidation.

f) RAICHUR POWER CORPORATION LTD.

BHEL has promoted a joint venture company with Karnataka Power Corporation Limited (KPCL) for setting up Supercritical Thermal Power Plant at Karnataka on build, own and operate basis. The Joint Venture was incorporated on April 15, 2009 under the name of

"Raichur Power Corporation Ltd". BHEL has Contributed Rs. 5 Crore towards Equity participation. There were no major financial activities during the year. The Joint Venture is in the process of setting up power plant.

g) DADA DHUNIWALE KHANDWA POWER LIMITED

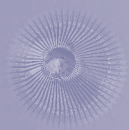
BHEL has promoted a joint venture company with Madhya Pradesh Power Generating Company Ltd (MPPGCL) for setting up of a 2x800MW Supercritical Thermal Power Plant at Khandwa, Madhya Pradesh on build, own and operate basis. The Joint Venture was incorporated on February 25, 2010 under the name of "Dada Dhuniwale Khandwa Power Ltd". BHEL has invested Rs.2.50 Crore as advance deposit towards issue of shares. There were no major financial activities during the year.

(IV) CONSOLIDATED FINANCIAL STATEMENTS (CFS)

Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS-21) - "Consolidated Financial Statements" and Accounting Standard (AS-27) - "Financial Reporting of Interest in Joint Ventures."

A brief summary of the results on Financial performance after elimination of Intra group transactions in line with the above (AS) are as under :

	2009-10				2008-09			
	BHEL	Subsidiary Co.	BHEL share in JVs	Total (CFS)	BHEL	Subsidiary Co.	BHEL share in JVs	Total (CFS)
Profit & Loss A/c								
Turnover	34154	82	218	34454	28033	72	214	28319
Profit Before Tax	6591	-8	38	6621	4849	-44	33	4838
Profit After Tax	4311	-9	25	4327	3138	-44	21	3115



Power Sector

30



Trombay TPS Extn. (250 MW) set up by BHEL - winner of National Award for Early Completion

B. PERFORMANCE OF BUSINESS SEGMENTS POWER SECTOR

Power Sector booked orders worth Rs. 41,982 crore for supply and installation of 16,489 MW of Main Equipment (15,080 MW of generating equipment and 1408.5 MW of Pump and Motor Sets) as well as services and supply of spares.

Major achievements during the year :

- Private Sector Customers reposed their confidence in BHEL and placed highest ever orders aggregating to 14,689 MW of Main Equipment (89% of total ordering) during a year.
- First Super-critical order from private sector for Bara (3x660 MW) from Prayagraj Power Generation Company Limited (Jaypee Group).
- All time high order booking achieved during a year for Hydro sets (including Pump and Motor) - 1,739 MW.



490 MW TG Set (Unit- 5) NCTPP Stage-II, Dadri, commissioned by BHEL

- Order received for 10 Sets of 270 MW from Single Customer, Elena Power and Infrastructure Ltd. (EPIL - India Bulls Group) for Nasik (5x270 MW) and Amravati (5x270 MW) Projects.
- Repeat Order from NPCIL for RAPP (1x700 MW) - Steam Generator.
- Successfully marketed recently introduced new rating sets. Orders booked in 2009-10:
 - 270 MW - 18 Sets (22 sets till date)
 - 525 MW - 4 Sets (6 sets till date)
 - 600 MW - 6 sets (15 sets till date)

- New Customers added:
 - Korba West Power Co Ltd.
 - Ideal Energy Power Ltd.
 - Jindal India Thermal Power Ltd.
 - Abhijeet Infra Ltd. (Abhijeet Group)
 - Adhunik Power and Natural Resource Ltd.
 - Hindustan Construction Co.
 - Monnet Power Co. Ltd.
 - Megha Engineering & Infrastructures Ltd.
 - Pipavav Energy Pvt Ltd.(Videocon Group)
 - Elena Power India Ltd. (Indiabulls Group)
 - Prayagraj Power Generation Company Limited (Jaypee Group)
 - Jhabua Power Ltd.
 - Surana Power Ltd.
 - Durgapur Projects Ltd.
 - Hinduja National Power Corporation Limited



Contract signing between BHEL and M/s Abhijeet Infra Limited (M/s AINL) for installing 2x270 MW PH-I & 2x270 MW PH-II thermal sets at Matrishri Usha Jayaswal Mega Power Plant at Jharkhand

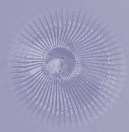
Strategic initiatives taken during the year includes:

- MoU signed with Mahagenco for setting up of 1500 - 1600 MW capacity plant in Latur.
- JV company incorporated with MPPGCL for setting up 2X800 MW Super Thermal Power Plant at Khandwa.

Following major orders were received during the year :

COAL (14590 MW)

Orders received against stiff International Competitive Bidding (ICB)



- 2x525 MW Malibrahmani, Angul from Monnet Power Co. Ltd. (MPCL)
- 2x600 MW Derang, Angul from Jindal India Thermal Power Ltd. (JITPL)
- 1x500 MW Vallur #3 - Ph. II from NTPC Tamil Nadu Energy Company Limited (NTECL) - JV company of NTPC & TNEB. Two units for 500 MW of Ph. I are already under execution by BHEL.
- 2X600 MW Pipavav TPP from Pipavav Energy Pvt Ltd (PEPL - Videocon Group)
- 4x270 MW Matrishri Usha Jayaswal MPP (Ph.I and Ph. II) at Chitrapur from Abhijit Infra Ltd. (AINL - Abhijit Group)
- 2x250 MW Bhavnagar TPP from Bhavnagar Energy Company Ltd. (BECL)
- 1x600 MW Seoni #1 from Jhabua Power Ltd. (JPL)
- 2x210 MW Raichur TPS from Surana Power Ltd.
- 2x520 MW Vizag from Hinduja National Power Corporation Limited (HNPC)

Orders received on Negotiated basis:

- 1x600 MW Avantha Bhandar TPP from Korba West Power Co. Ltd. (KWPC)
- 2X270 MW Bela TPP #1&2 from Ideal Energy Projects Ltd. (IEPL)
- 2X270 MW Adhunik Power #1&2 from Adhunik Power and Natural Resources (APNRL)
- 3x660 MW Bara # 1,2&3 with Supercritical Parameters from Prayagraj Power Generation Company Ltd. (PGCL - Jaypee Group). First Supercritical Order from Private sector.
- 5X270 MW Nasik & 5x270 MW Amravati from Elena Power and Infrastructure Ltd. (EPIL - India Bulls Group). Order for 10 sets of 270 MW from single customer.
- 2x195 MW Muzaffarpur TPP Stg II from Kanti Bijli Utpadan Ltd. (JV of NTPC-BSEB)
- 1x250 MW Durgapur #8 from Durgapur Projects Ltd. (DPL)

GAS (160 MW)

- 160 MW Ramgarh Stage III CCPP from Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) received on Negotiation basis.

NUCLEAR

- Steam Generators for 1x700 MW RAPP from Nuclear Power Corporation of India Limited (NPCIL) received through Limited tender.

HYDRO (1739 MW including 1409 MW Pump-Motor sets)

Orders received against stiff International Competitive Bidding (ICB) :

- 3x110 MW Kishanganga HEP from Hindustan Construction Company (HCC)

Orders received through Limited Tender :

- 5x121.5 MW Pranhita LIS Pkg. 8 from Megha E&IL
- 3x99 MW Pranhita LIS Pkg. 10 from Megha E&IL
- 4x96 MW Pranhita LIS Pkg. 11 from Megha E&IL

Orders received on Negotiated basis :

- 2x60 MW Pranhita LIS Pkg. 23 from Patel Engineering Ltd. (PEL)

SERVICE AFTER SALES (SAS)

Orders worth Rs. 1632 crore for spares, Rs. 233 crore for services and Rs. 6 crore for supply of R&M Equipment were received.

COMMISSIONING

BHEL commissioned 44 sets totaling 5578 MW during the year within the country and abroad. Power sector commissioned 30 sets totaling 5152 MW during the year within the country and abroad. This includes 20 BHEL utility sets totaling 4725 MW and 10 Industrial sets of 427 MW. Additionally BHEL MUs commissioned 2 utility sets of 84 MW(overseas) and 12 industrial sets of 342 MW in the country.

Thermal utility sets commissioned during the year were Vijaywada-7 (500 MW) in Andhra Pradesh, Kahalgaon-7 (500 MW) in Bihar, Bhilai 2 (250 MW) in Chhattisgarh, Kutch Lignite 4 (75 MW) in Gujarat, Chandrapura 7&8 (2x250 MW) in Jharkhand, Paras-2 (250 MW) & New Parli -2 (250 MW) in Maharashtra, Chhabra-1 (250 MW), Giral-2 (125 MW), Kota-7 (195 MW) &



3X500 MW Indira Gandhi STPP at Jhajjar, being set-up by BHEL

Suratgarh 6 (250 MW) in Rajasthan, Dadri-5 (490 MW) in Uttar Pradesh, Bakreswar-5 (210 MW) and Budge Budge-3 (250 MW) in W. Bengal.

BHEL commissioned highest number of Overseas Gas sets during the year. These were: Siddhirganj (126 MW), Sulaymaniah 1,2,3&4 (4x126 MW) and Al Ghail 1&2 (2x42 MW).

In addition to above BHEL commissioned two non-BHEL Nuclear sets of RAPP 5&6 (2x220 MW).

PERFORMANCE OF BHEL UTILITY SETS

BHEL coal based sets registered PLF of 78.4 % which is 0.87% higher than National Average of 77.53%.

- During the year, generation from BHEL supplied 195/200/210 /250/500 MW coal based sets which form the backbone of country's power generation went to 395018 MUs with PLF of 82.1% and OA of 90.1%.

74.0% of total electric energy generated by Coal sets in the country was contributed by these sets.

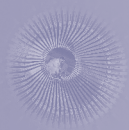
- Seventeen stations equipped with BHEL equipments recorded a PLF of above 90% Viz. Dahanu (102.2), Dadri (99.3), Korba-STPS(97.7), Unchahar (97.5), Simhadari (97.3), Vindhyachal (96.7), Sabarmati (95.9),



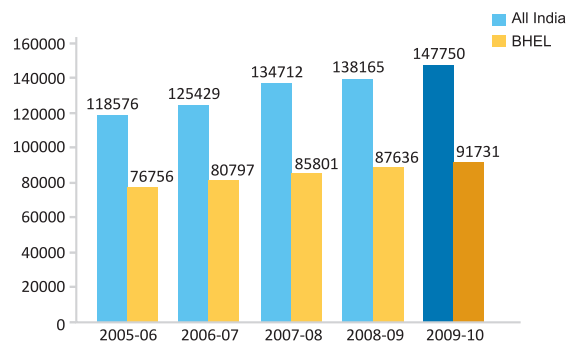
Vindhyachal STPS - one of the seven TPS equipped with BHEL's power generating equipment received the 'Meritorious Productivity Award' from the Ministry of Power

Ramagundam (93.9), Sipat (93.3), Raigarh JSPL (93.1), Bhatinda (LM) (93.0), CESC (92.9), Singrauli (92.9), Tanda (92.0), Talcher (91.2), Ropar (91.1), Rihand (91.0)

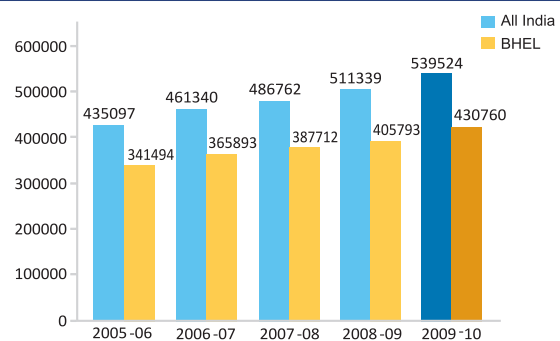
- 191 BHEL supplied coal based sets achieved PLF of over 70%. Of these, 72 sets registered PLF of over 90% and 71 sets achieved PLF between 80% - 90%.
- BHEL Coal Sets registered the Operating Availability (O.A.) of 87.0%
- 136 Thermal Sets of BHEL make achieved O.A. higher than or equal to 90%.
- 171 BHEL supplied coal based sets clocked uninterrupted operation for more than 90 days during the year out of which:
 - 67 sets ran twice continuously for more than 90 days.
 - 29 sets continuously ran for more than 200 days.



Installed Generating Capacity (Coal+Gas+Hydro+Nuclear+Diesel) All India vs BHEL (MW)



Generation Coal Sets (Utility) in Million units



*excludes generation for BHEL sets of 30 MW rating and 3 Private utilities (Torangallu, TATA Jojobera, and Surat Lignite).



Simhadri STPS (1000 MW) - Winner of 'National Award for Meritorious Performance'

BHEL continued its endeavour to render efficient customer service aimed at facilitating uninterrupted power supply and keeping power plants in good running condition. During the year, Power Sector overhauled 96 thermal sets.

Industry Sector



2X120 MW (Unit 9 & 10) of NALCO Captive Power Plant. With this BHEL has executed 10 units of 120 MW each in a single location

INDUSTRY SECTOR

In Industry Sector, BHEL secured record orders worth Rs. 14366 crore in Captive Power, Rail Transportation, Power Transmission, Oil & Gas and other industrial segments. The year witnessed a growth of 40% over previous year with a number of first-time-ever achievements.

Major orders received during the year / other business highlights- Industry segment-wise include:

Captive Power plants

- Highest value order ever received in Industry Sector for a combined cycle Co-generation plant for IOCL refinery at Paradip, Orissa on LSTK basis.
- Major repeat orders : HINDALCO - 6 x 150 MW BTG (Boiler-Turbine-Generator) package for Sambalpur, Orissa project and CPCL - 20 MW Cogeneration plant for Chennai Refinery.
- Largest size BFBC boiler order (2 x 180 TPH) from JSPL for Angul, Orissa project.
- Major order for 2 x 80 MW BTG (Boiler-Turbine Generator) package from Sterlite Industries for Tuticorin, Tamilnadu project.
- Order for 53 MW CCPP from BCPL for Lepetkata, Assam on LSTK basis.
- Variety of STG (Steam-Turbine-Generator) orders viz. 80 MW - Monnet Ispat & Energy Ltd, Chattisgarh, 2 x 50 MW - FACOR power, Orissa, 2 x 60 MW - Jai Prakash Associates, Cement plant, Sidhi, Madhya Pradesh, 2 x 43 MW - Action Ispat and Power Ltd, Orissa, 1 x 24 MW - Shri Shyam Ispat (India) Pvt. Ltd.



Electric locomotive (25 kV AC, Type WAG 7)

Rail Transportation

- Highest value order ever received in Transportation sector for 150 nos. Electric locomotives (25 kV AC, Type WAG 7) from Indian Railways.
- A number of orders for Electrics and Traction motors from Indian Railways besides Diesel Shunting Locomotive (2 nos. 1400 HP) order from UPRUVNL for Parichha TPP, UP.

Other business highlights in this segment include:

- Signing of an MOU with M/s Alstom for participating in tender for setting up of factory for Electric Loco component at Dankuni.
- Signing of an MOU with M/s. GE for participating in tender for setting up of Diesel loco factory at Marhowra.
- Development of IGBT based 3 phase AC propulsion system for AC EMU.

Industrial Products (Electrical)

- Highest ever orders for HT Motors from other manufacturers of Pumps and Compressors besides those for power plant applications.

Industrial Products (Mechanical)

- Orders for wide variety of Gas compressors from various refineries viz. MRPL, HPCL, BCPL and IOCL.
- A prestigious order for GT driven Rich Gas Compressor from BCPL.

Defence Business

- Developmental order for 200 kW High Temperature Superconducting Motor from NSTL, Vizag for Naval application. It is being developed for first time in the country.
- First order for supply of Permanent Magnet based 50 KW, 400 Hz frequency converter for Naval application. This technology is being developed only by BHEL in the country.

Other business highlights in this segment include:

- BHEL has been nominated as Nodal agency for serial production of Marine Gas Turbine- named Sagar Shakti Engine for propulsion of Indian Naval Ships, with rated power of 12 MW.

Transmission Systems - Substation / Switchyards

- Order for two large value 400/220 kV Substation Packages for Koradi-II and Chandrapura-II from MSETCL against stiff competition from major players in the market.
- First order for Phase Shifting Transformer from APGENCO to be installed at their Kothagudam TPS which shall enable diversion of power flow from 220 kV lines to 400 kV lines.

Other business highlights in this segment include:

- Signing of an MoU with Toshiba Corporation, Japan to establish a Joint Venture Company (JVC) to address Transmission and Distribution (T&D) business in India and other mutually agreed countries.
- 80 MVAR Controlled Shunt Reactor, based on technology developed in-house, has been commissioned by BHEL on 400kV Karad-Lonikhand Line of MSETCL. This is the first commercial project of its kind in the country.



CMD, BHEL & Corporate Executive VP, Toshiba Corporation, exchanging MoU documents for establishing a JV Company for T&D business

- Prestigious order for 420 kN Antifog disc insulators from Powergrid for ± 800 kV HVDC transmission line against international competitive bidding. This is the first ever order in the country for 420 kN rating and also for ± 800 kV HVDC application. BHEL is the only manufacturer in the country having capability to manufacture these insulators.

Other business highlights in this segment include:

- BHEL has successfully tested 125 MVAR, 400 kV



132 kV Switchyard of Sewa HEP

Transmission Products

- Order for 13 transformers totaling to 2355 MVA from NTPC for Bongaigaon Project. This was the largest order for transformers decided by NTPC during the year for any project.
- Three consecutive orders for 500 MVA, 400 kV Auto transformers from Powergrid (total eight transformers). It is the largest rating in the country for 3 phase 400 kV transformers.

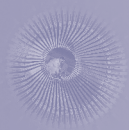
shunt reactor- the only supplier to have manufactured, tested and supplied 125 MVAR, 400 kV reactor in the country.

New & Renewable Energy

- Two SPV Power Plants of 2 MW and 1 MW for KPCL at Raichur- first-ever order bagged by BHEL for megawatt size grid connected SPV power plant.



New facility established for manufacturing SPV modules at EDN, Bangalore - capacity enhanced from 3 MW to 8 MW



International Business

38



2X42 MW GTG commissioned by BHEL in Al Ghail, Ras Al Khaimah – first-ever power plant by BHEL in UAE

INTERNATIONAL BUSINESS

In International Business, despite the continuing global recessionary trend and the world energy market still undergoing negative growth, BHEL has achieved a physical export order inflow of Rs. 3571 crore during the year - an increase of 9.4% over that of previous year.

The year marked significant steps towards globalization with successful forays in new markets and new product areas, apart from firmly establishing the company's presence in existing markets and product areas.

During the year, a number of prestigious overseas orders were executed, further expanding BHEL's overseas references.

Major Achievements during 2009-10:

Significant export orders received include:

- An order for 1200MW (6x200MW) Punatsangchhu-I Hydro electric power plant from Punatsangchhu Hydroelectric Project Authority, Bhutan. This is the largest order in the Hydro Power Business segment



Captive power plant of PT- Indo Bharat Rayon, Indonesia - comprising 1X15 MW STG & 120 TPH CFBC boiler

of the company. BHEL has earlier successfully executed three Hydro Projects, viz. 336MW Chukha, 60MW Kurichu and 1,020MW Tala in Bhutan. These projects today account for nearly 95% of the total power generating capacity in Bhutan which is a testimony of BHEL's strong presence and acceptability.

- BHEL received orders for Amal (2x126MW) and Qarn Alam - III (1x126MW) power plants from Petroleum Development Authority (PDO), Oman as part of a six-year 'Price Agreement (Rate Contract)' for 126MW rating Gas Turbine Generator packages' with PDO. This Rate Contract is valid for a period of

six years with a provision of extension by another three years. With these orders, BHEL will have the unique distinction of having 16 Gas Turbine sets contracted in Oman alone.

Entry into new countries:

- Belarus: First ever order secured from Belarus for 126MW (Fr 9E Gas turbine based) Grodno II Co-generation project in Belarus. This is also the first ever overseas order for supply of HRSG as well as Gas Turbine for Co-generation application.
- Democratic Republic of Congo: First order from DR Congo for 64MW Katende (Kananga) Hydro Power plant project.
- Secured first-ever export order for 400kV class Shunt Reactors (3 nos. 30MVAR & 1 no. 50MVAR reactors) from Public Power Corporation, Greece. This is the 21st consecutive order since 1995 from Greece for transmission equipment totaling over 3000MVA.



2X126 MW Siddhirganj Peaking Power Plant, commissioned by BHEL in Bangladesh

- Order received for supply of 42MW (Fr6B) Gas Turbine Generator set for Nasiriyah Power Plant in Iraq from Power Engineers, UK.
- Other notable export orders received include first ever overseas order for Field Discharge Circuit Breaker from Nigeria, Wellheads from Oman and Boiler Structures from New Caledonia.
- Continued focus on After Sales Services led to orders for Spares & Services from Oman, Saudi Arabia, Indonesia, UAE, Nepal, France, Sri Lanka, Kazakhstan, Iraq and Libya.

The overseas orders executed include:

- Commissioning of 8 sets totaling to 729 MW in four countries overseas - highest-ever in a single year.
- Siddhirganj Peaking Power Plant, Bangladesh: First unit of 2x126 MW (Fr9E) Gas turbine based power plant was inaugurated by the Honorable Prime Minister of Bangladesh. BHEL has also for the first time supplied, installed and commissioned 3 nos. fuel gas booster compressors of BHEL make with associated gas conditioning skids in this project.
- Sulaymaniah Gas based power project, Iraq: - 4 units of 126MW (Fr9E) Gas turbine generator sets were successfully commissioned.
- First-ever power plant by BHEL in UAE: 2x42MW (Fr6B) Gas turbine generator sets for Al Ghail Power Plant, Ras Al Khima Investment Authority (RAKIA) were successfully commissioned.
- First environment friendly Circulating Fluidized Bed (CFBC) Boiler commissioned overseas: 15MW Coal fired Captive power plant with 120TPH CFBC Boiler for PTIBR, Indonesia.
- First-ever Compressor commissioned in Europe: Making an entry into European market, BHEL supplied and commissioned a CO₂ Compressor for GPN France.
- Demonstrating the highest level of customer commitment, to overcome the challenges of difficult working conditions of Afghanistan, BHEL successfully commissioned the 230kV Kabul Substation.
- 132kV Cotobie Substation in Ethiopia was also charged during the year under prestigious World Bank project for Rural Electrification of Ethiopia.
- Adding on, BHEL also commissioned the 230 kV Baghabari substation in Bangladesh funded by Asian Development Bank.
- 24 Wellheads supplied to Daleel Petroleum, Oman during the year under Rate Contract entered in May 2006 with Daleel Petroleum, Oman. So far, 120 Wellheads have been supplied to Oman under this rate contract.



4X126 MW Sulemaniyah gas based power project, Iraq, commissioned by BHEL

Capital Investment



CNC lathe at BHEL Hyderabad



CNC, 5-Axis, 3 Spindle Machine at BHEL Haridwar



*CNC gantry milling and drilling machine
at BHEL Hyderabad*



*Panel welding station with 20 Torch MIG/MAG welding
at BHEL Tiruchirappalli*

C. CAPITAL INVESTMENT

• Capital Investment during the year 2009-2010:

BHEL has incurred a capital expenditure of Rs.1713 crore during the year 2009-10 towards augmentation of manufacturing capacity and modernisation of the facilities, in manufacturing units and at power project sites, as against Rs. 1082 crores invested during 2008-09, registering an increase in capital investment by 58%.

• Rebuilding of Ageing Facilities:

Focused attention was given on rebuilding and retrofitting of existing facilities to enhance their life, accuracy and productivity through an additional investment of Rs. 51 Crore.

D. JOINT VENTURES

i) BHEL GE Gas Turbine Services Pvt. Ltd. (BGGTS):

The Joint Venture Company, BHEL-GE Gas Turbine Services Ltd. (BGGTS), has been promoted by BHEL with GE, USA for repair & servicing of GE designed Gas Turbines has completed twelve full financial years of operation.

BGGTS achieved a sales turnover of Rs. 434 crore during the year 2009-10 with a profit after tax of Rs. 50 crore. Orders for Rs. 386 crore were booked by BGGTS during the year including export orders from overseas. BGGTS



High Pressure Boiler Plant-II at BHEL, Tiruchirappalli - set up by the Company as part of its capacity expansion programme

• Capacity Augmentation Initiatives:

BHEL has been committed to the nation's power development programme and has reaffirmed its commitment to the Indian Power Sector by equipping itself for the future, by way of contemporary technology, state-of-the-art manufacturing facilities and skilled technical manpower to meet the country's power requirement forecast in the future. The company has established the capability to deliver 15,000 MW of power equipment per annum and further augmentation to 20,000 MW per annum is underway and has been planned for completion by March 2012.

successfully completed gas turbine servicing & supply of spares to various customers like Indian Oil Corporation, Rajasthan Rajya Vidyut Nigam Utpadan Nigam Ltd., Gujarat State Electricity Corporation Ltd, Essar Power Ltd., Reliance Industries Ltd., Indraprastha Power Generation Co. Ltd., Rural Power Corporation Ltd., Bangladesh etc. BGGTS also completed export orders of Rs 48 crore. For the year 2009-10, BGGTS has declared a dividend of 640% thereby maintaining its consistent record of improved performance.

ii) Powerplant Performance Improvement Ltd. (PPIL):

The Joint Venture Company, Powerplant Performance Improvement Ltd (PPIL), has been promoted by BHEL with Siemens, Germany for plant performance improvement of old fossil fuel power plants.

PPIL is in the process of settlement of outstanding issues and collection of withheld payments for pending contracts. Since, sufficient business to ensure viability of the company has not been forthcoming, both the promoter partners have mutually agreed to gradually wind up the company.

iii) NTPC - BHEL Power Projects Ltd (NBPPL):

BHEL along with NTPC Ltd. has promoted a joint venture company "NTPC BHEL Power Projects Private Limited" for carrying out EPC contracts for Power Plants and other Infrastructure Projects in India and abroad. The JV Company can also take up manufacture and supply of equipments, for power plants and other infrastructure projects, which are not subject to any limitation or restriction under any ongoing collaboration agreement of promoter companies. The JV Company was incorporated on 28th April, 2008 with initial authorized and paid-up capital of Rs 10 lakhs subscribed to equally by NTPC and BHEL. Further, Board has also decided to enhance BHEL's contribution from Rs. 5 lakh to Rs. 100 crore which will be done in tranches depending upon the requirements. The paid up capital is Rs. 50 crore with BHEL and NTPC each subscribing Rs. 25 crore.

iv) Barak Power Private Limited:

BHEL has promoted a joint venture company with PTC India Ltd for setting up of 2x125 MW CFBC based power plant in Silchar, Assam. The JVC was incorporated on 1st September, 2008 under the name of Barak Power Private Ltd. with an authorized and paid up capital of Rs 10 lakh subscribed to equally by BHEL and PTC. Further, the promoters have also agreed to enhance their contribution from Rs. 5 lakh to Rs 100 lakh each. At present the paid up equity capital is Rs 10 lakh, with BHEL and PTC India Ltd each subscribing Rs. 5 lakh.

v) Udangudi Power Corporation Limited:

BHEL has promoted a joint venture company with Tamilnadu Electricity Board for setting up of a 2x800 MW Supercritical Thermal Power Plant at Udangudi, Tuticorin, Tamilnadu on build, own and operate basis. The JVC was incorporated on December 26, 2008 under the name of "Udangudi Power Corporation Ltd". The initial authorized and paid up equity of the JVC is Rs 10 crore subscribed to equally by TNEB and BHEL. The equity structure would be diluted subsequently to bring in Financial Institution/Banks etc, so that TNEB & BHEL hold 26% equity each. The state Govt has allotted land to the JVC for the project. The JVC is also in the process of obtaining coal linkage, MOEF clearance and finalizing main plant equipment order on BHEL.

vi) Raichur Power Corporation Limited:

BHEL has promoted a joint venture company with Karnataka Power Corporation Limited (KPCL) for setting up of a 2x800 MW Supercritical Thermal Power Plant at Yeramarus, Raichur, Karnataka and 1x800 MW Supercritical Thermal Power Plant at Edlapur, Raichur, Karnataka on build, own and operate basis. The Joint Venture Agreement with KPCL was signed on January 12, 2009 and the JVC was incorporated on April 15, 2009 under the name of "Raichur Power Corporation Ltd". The initial authorized and paid up equity of the JVC is Rs 10 crore subscribed to equally by KPCL and BHEL. The equity structure would be diluted subsequently to bring in Financial Institution/Banks etc, so that KPCL & BHEL hold 26% equity each. The JVC has received MOEF clearance for the 2x800 MW Yeramarus power project and the order for supply and E&C of main plant equipment for the 2x800 MW Yeramarus project has been placed on BHEL for a value of Rs. 6300 crore. The order for 1x800 MW Edlapur project is under finalisation.

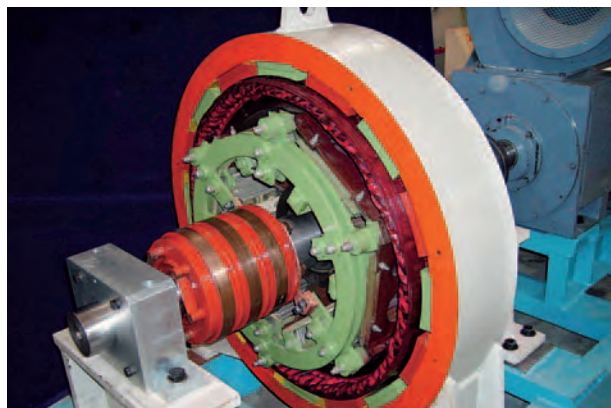
vii) Dada Dhuniwale Khandwa Power Limited:

BHEL has promoted a joint venture company with Madhya Pradesh Power Generating Company Ltd (MPPGCL) for setting up of a 2x800 MW Supercritical Thermal Power Plant at Khandwa, Madhya Pradesh on build, own

and operate basis. The Joint Venture Agreement with MPPGCL was signed on January 28, 2010 and the JVC was incorporated on February 25, 2010 under the name of "Dada Dhuniwale Khandwa Power Ltd". The initial authorized and paid up equity of the JVC is Rs 5 crore subscribed to equally by MPPGCL and BHEL. The equity structure would be diluted subsequently to bring in Financial Institution/Banks etc. so that MPPGCL & BHEL hold 26% equity each.

E. R&D AND TECHNOLOGICAL ACHIEVEMENTS

BHEL's products and systems are highly technology intensive in nature and R&D and technology development are of strategic importance to the company. The progress is being tracked broadly



100 kW Permanent Magnet Exciter

on three parameters namely; expenditure on R&D efforts resulting into either new products, improved variants of existing products, establishment of New Technologies/ Processes or establishment of state-of-art facilities, contribution to turnover achieved by products and systems developed in-house and the enhancement of intellectual capital which are in productive use in the company's business (increase in number of patents and copyrights filed).

All of these three parameters have shown considerable growth when compared to last year. The actual R&D expenditure for 09-10 is Rs. 829.27 crore, an increase by 20.2 %. The turnover achieved by products and systems developed in-house is Rs. 6723.12 crore an increase by 20.7 %. BHEL's IPR capital has grown by 29.7 % taking the total figure for patents and copyrights filed by BHEL to 1126 Numbers.

Some significant developments carried out during the year are as follows:

- To address the emerging market of supercritical power plants in the country, BHEL has with in house expertise successfully completed design development of Condenser for 660 MW steam turbine. The development addresses a new design challenge with respect to large size of LP turbine inter phased with single condenser together with higher loads etc; resulting in a Condenser of single shell design, solid supported and having tube length of about 18M. The new design was carried out using the state of art design and analytical tools with focus on compactness, optimization, revisiting pressure drop calculations etc. This in house developed design would be offered to other Supercritical plants also in addition to 2 X 660 MW Barh project.



1 MVA, 3-phase, 33/6.6 kV, HTSC Transformer

- Continuing with thrust in engineering technologies, BHEL has Developed, Manufactured and Tested "1.0 MVA, Three-Phase, 33/6.6 kV High Temperature Superconducting (HTSC) Power Transformer" with superconducting state at 77°K using liquid nitrogen. HTSC transformer, in comparison with oil filled transformer has high efficiency, smaller in size/weight/volume, ability to withstand twice the capacity overload without insulation damage or loss of useful life, lower impedance, better voltage regulation capability, elimination of cooling oil thereby eliminating the possibility of oil fires and related environmental hazards, as well as ability to provide more power per unit volume. The transformer is being deployed for field trial in an exiting sub-station.
- BHEL has successfully developed highest rating 310 MVA Single Phase Generator Transformer

(GT) for 5 x 800 MW Mundra project which is an Ultra Mega Power Project. This is the highest rating Single Phase Generator Transformer under testing, and is part of 16 Nos. 310 MVA GT for the project. This newly developed GT has better performance with respect to power loss etc; there by enhancing the competitive position of BHEL. This development demonstrates capability of BHEL to supply such high rating GT of 400 kV class to cater to the requirement of upcoming Ultra Mega Power Projects.

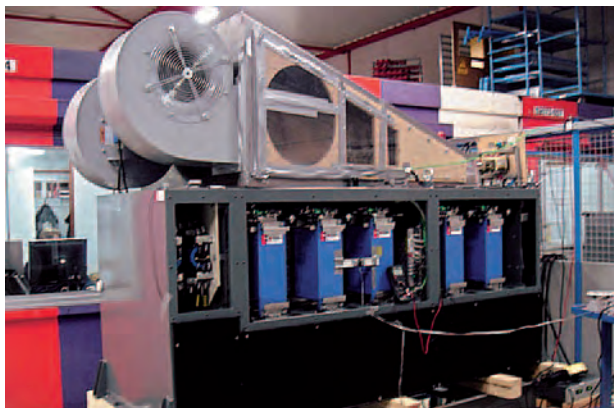
- To meet the requirement of high back pressure, turbines in the output range of 200-400 MW for desert application, BHEL has developed a new LP Module with exhaust area 2x3.2 m² and suitable for 0.17 ata to 0.34 ata back pressure along with new type of blading to sustain high pressure drop across the stage. This in-house developed design is used in 2x200MW Tishreen Project in Syria and will be subsequently offered for projects in similar application. With this order BHEL, will be entering into the overseas market for Steam Turbines sets of similar applications.
- Developed design of "a New Primary Air Fan variant for 600MW". The development comprises of a variant of Primary Air Fan (PAF 20/10.6-2), total capacity of 225 m³/s powered by a 4 MW motor. The new design has higher hub-tip ratio, based on M/s.Turbo Luft Technique (TLT) Axial Fan design concept. Such types of Fans were completely outsourced till date from M/s TLT, Germany. This Fan shall be used for PA Fan application for North Chennai project and has also been chosen for other 600MW boilers for Jindal and Shree Singhaji projects.
- In order to address emerging requirements of 765 kV transmission systems BHEL has developed a Current Transformer (CT) design for 765 kV ultra high voltage (UHV) transmission substations. The new design is based on gaseous (SF₆) insulation and light weight FRP-silicon composite insulators instead of conventional oil insulation and porcelain insulator, to render a safe, reliable and compact design as needed for 765 kV class transmission system.
- To meet the emerging demands of industry sectors, BHEL has designed and developed IGBT based

three-level diode clamped inverter for 1.8 MW Induction Motor Drive for ID fan application. With this development BHEL can address large volume of business for medium voltage drives based on IGBT technology of ratings ranging from 1 MW to 4 MW for various applications like gas boosters, boiler feed pumps, ID fans, PA fans and centrifugal pumps, which were hitherto being offered only by multinational companies.

- To continuously improve its offerings to customer, BHEL has developed complete control system on state of art metsoDNA DCS platform for steam generator, turbine, balance of plant equipment, SCADA including its HMI. With this development BHEL has demonstrated capability to successfully engineer, manufacture and test power plant automation with a new family of DCS using in-house expertise.
- To address need of higher skill and competency needed in operating a modern power plant, BHEL has developed and supplied a training simulator along with DCS for 500 MW sets at Khaperkheda and Bhusawal. The server of the training simulator is loaded with virtual plant module capable of generating real time dynamic process parameters as they exist in an operating power plant. The simulator consists of operator work station, station model server and data processing unit along with four key softwares viz. Dynamic Model Server (DMS) Software, Instructor Station (IS) Software, Operator/Human Machine Interface (HMI) Software and Virtual Data Configuration Software. Many customers may opt for this facility in the growing power industry.
- BHEL has developed and supplied "operation optimization and scheduling package for hydro electric power plants" that can be used as a decision support system (DSS) for operation scheduling and optimization of the plants. The software uses mathematical model of the reservoir, water conducting system and provides an optimal or best-fit solution to the operational dilemmas faced by present day hydropower system operators under ABT (Availability based tariff) regime. Use of the software can result in significant improvement to daily energy production and revenues. This product will go a long way in establishing BHEL

as a supplier of advanced software packages for hydro power plants which are integrated with our DCS system.

- Develop and type tested 297 KW, 3 phase traction motor type IM3402BZ for low voltage high current, 1500 Volt DC link IGBT based 3-phase drive systems for 1600 HP AC EMU and DEMU application. With the development of this traction motor, BHEL is now in a position to cater for market of IGBT based new projects for 25 kV 1600 HP AC EMU's and AC-AC DEMU's.
- For the first time Digital Governor for the speed control of Hydro turbine has been developed and supplied to NVDA for 3 X 5 MW Indirasagar Left Bank Canal HEP. The equipment has been successfully commissioned for the first unit .It has PLC control system with HMI, is Capable to Communicate with SCADA, and has Digital metering of Governor Parameters with start/stop facility, etc. The digital governor will have flexibility in operation, stability of the set values, fine control of the machine and fast response time.
- BHEL has established "Centre of Excellence for Machine Dynamics (COE MDF)" sixth in the chain. The COE shall add to furtherance of BHEL's



Insulated gate bipolar transistor (IGBT) based 3-phase AC traction for Indian Railways EMUs

predominant position as a pioneer in carrying out R&D in the specialized area of rotational dynamics including dynamic analysis and on-line monitoring of rotating machines etc. and shall contribute mainly to products such as Steam Turbines, ID & FD Fans, Switch gear and OLTC Mechanism Analysis, Diesel locomotives, products requiring noise source identification, sound power estimation, noise mapping studies, etc.

- Designed and demonstrated 220-Watts Photovoltaic (PV) Modules using 156-mm Size Multi Crystalline Silicon Solar Cells. Use of PV modules of 156-mm size solar cells as against current 125-mm has resulted in increased production throughput by approximately 60%. Further, this Cost competitive product is also suitable for MW Size PV Power Plants reducing the number of modules required per KW thus increasing the reliability of the system.
- Developed new design of De-aerating condensers for use up to 125 MW Steam power plants. De-aerating condensers can eliminate the use of conventional de-aerators thus making the plant more compact and cost effective besides improvement in heat rate in combined cycle application. BHEL will be offering such De-aerating condensers for future projects.

F. HUMAN RESOURCE MANAGEMENT

1) Industrial Relations

Thrust on participative culture continued during the year and the Industrial Relations in various Units and Service Divisions of the Company remained harmonious and cordial.



BHEL selected as one of the best companies to work for by Business Today

10 meetings of the apex level bipartite forum, namely "The Joint Committee for BHEL" were held during the year. The primary focus of discussions in the Joint Committee during the year was wage negotiations, which concluded successfully with the signing of MoA on 30th December, 2009. Meetings were also held with the representatives of Executives and Supervisors wherein both work and their interest related issues were discussed.

The wage revision arrears were paid to all sections of employees.

In addition, The Presidential Directives on wage revision for Executives and Supervisors were received on 30th April 2009.

A two day Workshop on "Marching Towards Organizational Excellence - The Role of Supervisors" was also organized. The members of the Supervisory Associations were sensitized about the challenges being faced by the Company and the role of Supervisors to overcome these challenges. The Workshop focused on evolving strategies to meet the challenges and customer commitment. The response from the Members was overwhelming. Syndicate Groups comprising supervisors and the management were constituted to work upon different themes. Suggestions made by them during the Workshop were circulated to all Units/Divisions of BHEL for sharing at different levels as well as for implementation.

A booklet compiling the suggestions/recommendations given by various syndicate groups during various workshops held at Bangalore, Puri and Goa was released in the JCM held on 3rd August, 2009. The theme of these works shops were : (1) Enhancing organizational effectiveness, (2) Roadmap to excellence, (3) Increasing effectiveness of the employees and Tackling Business challenges. These suggestions pertain to strengthening of participative fora, percolation of discussions in the Joint Committee to Plant level, multi skilling, redeployment, effective utilization of critical machines, enhancing the productive time of man and machines, reduction in rejection and rework, maintenance and upkeep of machines, three shift working, enhancing productivity of employees, dissemination of company information, cost cutting measures at workplace and wastage control, improving quality and bringing quality consciousness among employees, reduction in cycle time, sequential supplies from Units etc.

Similar workshops at the Unit level on unit level issues were held wherein the participants from all the three cadres took part. Suggestions on cost reduction, meeting the production targets, sequential delivery and quality of goods were the focus areas. The involvement of all the cadres in

the workshop had a positive impact on the working of the units.

46 meetings of the Plant Councils and 236 meetings of the Shop councils were held during the year in various units of the Company.

2) Awards won by BHEL, Units & employees

- **Prime Minister's Shram Awards 2007** (declared on 15th August 2009 by Ministry of Labour)

Prime Minister's Shram Awards are given to workmen in Private and Public Sector of Central & State Government in recognition of their distinguished performance, innovative abilities, outstanding contribution in the field of productivity and exhibition of exceptional courage and presence of mind. 1 No. Shram Bhushan Award was won by an employee from Haridwar unit; 2 Nos. Shram Vir Awards were won by two employees from Haridwar unit; 1 No. Shram Shree Award was won by an employee from Haridwar unit; 1 No. Shram Devi Award was won by 4 employees from EPD-Bangalore unit.

- ❖ **National Safety Awards 2007** (declared by Ministry of Labour)

National Safety Awards are given to recognize good safety performance on the part of industrial undertaking (covered under Factories Act 1986) and to stimulate and maintain interest of both the management and the workers in accident prevention programmes. Ranipet unit was declared Runner-up in National Safety Award.

- ❖ **10th National Award for Excellence in Energy Management 2009** (Confederation of Indian Industry)

National Award for Excellence in Energy Management 2009 was awarded to Hyderabad unit. The unit has been winning the prestigious National Award consecutively for the last three years.

3) Human Resource Development

In the year 2009-10, total number of employees exposed to different types of training during the year is 44307 giving a 18.98 training man days per employee. In addition to employees, 3626 Act Apprentices were trained in different units giving 330 training man days per apprentice.

Customer training has been a regular activity at

BHEL and during the year, 1231 customers were trained giving 61548 man days. Rising to the social commitment, 7011 vocational trainees from different professional institutions were also trained.

The Training System has been streamlined and training programmes have been held to enhance competencies in the following areas :

- Technical / Functional, Managerial and Behavioural / Leadership

Aligning HRD efforts to the Business Strategies has been the prime concern.

During the year 2009-10 HRDI conducted 88 programmes spread over 422 days. A total of 1762 participants have been covered giving 8193 training man-days. The types of programmes conducted are:

- Core Programmes
 - Strategic Management for Sr. Dy. General Managers and Addl. General Managers
 - General Management for Sr. Managers and Dy. General Managers
 - Young Managers for Dy. Managers and Managers
 - Self Starters' Programme for Sr. Executives
- Managerial, Behavioural & Leadership - Competency based Programmes
- Functional Competency based Programmes
- Extension Programmes
- Strategic Need Based Programmes
- Other Programmes

Leadership development is carried out through various programmes for all levels of executives -

- For Junior Level of Executives -
 - Executives Development (2-weeks) Programmes
 - Self Starters Programmes (2-weeks)
 - Young Managers (2-weeks) Programmes
- For Middle Level of Executives -
 - General Management (2-weeks) Programmes
 - Middle Managers (2-weeks) Programmes

- For Senior Level Executives -
 - Strategic Management (2-weeks) Programmes

In addition, focused short duration programmes have also been conducted by HRDI. A few are :

- Strategic Thinking
- Team Work and Inter-Personal Relations
- Creative Problems Solving
- How to Influence
- Communication Skills
- Organizational Development
- Enhancing Sense of Responsibilities
- Values Lab
- Leadership Excellence
- Appreciative Inquiry
- Excellence Laboratories etc.

HRD Heads Meet

Two HRD Heads Meets were conducted during the year at HERP-Varanasi and HRDI, Noida for facilitation, coordination and planning for future HRD activities at HRDCs and HRDI.

Enhancing effectiveness on HRD - Feedback Surveys/ Special studies by HRDI

The following surveys were conducted for knowing the perception of employees on various aspects of HRD :

(i) Feedback Surveys on Mentoring

This survey revealed the status of mentoring, the gains and the problems being faced by mentors and mentees. Suitable steps have been taken for improvement.

(ii) HRDI Image Survey

This was conducted organization wide and the survey revealed that people are highly appreciating the role being played by HRDI. This also indicated a few areas for improvement especially infrastructure.

(iii) Feedback on Programmes held at HRDI during the year

- Report on analysis of programme feedback (Reaction Evaluation) data for 2009-10

Participant's Feedback data of 59 programmes conducted by HRDI was captured in software - Persys. The overall feedback has been as follows:

The programme administrative feedback - 86.4%

The programme effectiveness feedback - 84.3%

● **Post Programme Feedback**

Within 3-6 months of the completion, 35 programmes were evaluated with 166 responses.

The extent to which learning's utilized in Personal and Official work life - 79.6%.

(iv) A study on Benchmarking Training Infrastructure

In order to benchmark the infrastructure facilities at HRDI, a Benchmarking Study was conducted with seven institutions. The study emphasized the need of developing infrastructure facilities at HRDI.

(v) Effectiveness of ETs training programmes

- The overall feedback of one year ETs training across BHEL Units has been found to be excellent - 81.5%.
- Report on feedback of ETs (sample size of 291 ETs across BHEL units) for Basic Human Process Lab module was prepared. The feedback data was analyzed and it was found to be very useful - 77.4%.

THRUST ON MENTORING

Mentoring has been made compulsory for every E.T. since the year 2008-09 and during the year 2009 - 10, 475 Mentors were trained in 15 training programmes held during the year at HRDI and Units. 4 Nos. of Review workshops have been conducted for the Mentors and Mentees of previous batches to ascertain the effectiveness and give necessary inputs.

UPGRADATION OF INFRASTRUCTURE FACILITIES IN HRDI

2 X 44 TR AC system installed for better facilities in hostel rooms. This has substantially improved the satisfaction level of participants.

ENGINEER / EXECUTIVE TRAINEES INDUCTION TRAINING

ETs were provided one year training according to Dakshata 2007 manual at BHEL Units followed by the successful absorption in BHEL. As a part of the training, On the Job Training (249 days duration) has been conducted for each ET.

During the year, 1760 numbers ETs (4 batches) were successfully absorbed. Also 600 ETs additionally joined in March 2010 and their training is going on smoothly. Basic Human Process Laboratory, a unique personal growth module is the main highlight of the ETs Training.

OTHERS

Awards

- Bhopal received Best Establishment in regional competition of apprentices by ATI, Ministry of Labour, Govt. of India.
- Ranipet - Turner trade apprentice won the "Best Apprentice Award" in the All India Skill competitions organized by DGET / Ministry of Labour, Govt. of India.
- Trichy - Two Act Apprentices have emerged as Winners and Two Apprentices as Runner-up in the All India Skill Competitions organized by RDAT. Two Act Apprentices have been declared as Winners in the Regional Skill Competition.
- Bhopal - Under Group category 'B', HRDC was awarded IInd prize under the Rajbhasha Running Shield by the Hindi work Evaluation Committee for the year 2009-10.

Publications

- A Book "Effectiveness Mentoring for Developing Human Resources" authored by Shri Parth Sarathi, GM, HRDI has been published. In addition, three articles were published in the prestigious 'Pfeiffer Annual : Training' authored by three executives in HRDI / HRDC, Hyderabad. These executives are : Shri Parth Sarathi, GM, HRDI, Ms. Rekha Bharadwaj, AGM, HRDI and Shri Amitabh Jha, Manager, HRDC, RC Puram, Hyderabad.

Monographs

Four Monographs were brought out by HRDI :

- Communication Skills
- Achievement Motivation
- Self
- Feedback-Giving and Receiving

4) Manpower strength

The manpower strength of the Company as on 31.03.2010 was 46274.

5) Information regarding Presidential Directives

The company has been following the Presidential Directives and guidelines issued by the Government of India from time to time regarding reservation for SCs and STs. During the year, various development activities focused on Socio-Economic Development

have been carried out in the communities and villages in and around BHEL Units and in locations where Company has presence, under BHEL Scheme of Corporate Social Responsibility.

Representation of SC/ST/OBC employees :

The overall representation of SC/ST/OBC employees in total manpower was 19.64%, 5.07% and 16.51% for SCs, STs and OBCs respectively as on 01.01.2010.

However, the reservation in direct recruitment during the year (as on 31.12.2009) has been 19.00% for SCs, 6.05% for STs and 26.97% for OBCs. This does not include offers issued, but joined after 31.12.2009, which takes care of the required percentage reservation, especially in ST category.

The Annual Statement in the prescribed format showing the representation of SCs, STs and OBCs as on 01.01.2010 and number of appointments made during the preceding calendar year, as furnished to the Government, is given at **Annexure-A**.

Manpower strength of Physically Challenged employees as on 01.01.2010:

Presently, we have a total of 784 Physically Challenged employees in the Company as on 01.01.2010. The group-wise manpower in the Company as on 01.01.2010 is given at **Annexure-B**.

G. RIGHT TO INFORMATION ACT, 2005

- BHEL is a front-runner in implementing the Right to Information Act, 2005 in letter & spirit. A Central Public Information Officer (CPIO) & a Central Assistant Public Information Officer (CAPIO) at the company level and 14 CPIOs for each of the administrative units are functioning as part of RTI.
- Proactive disclosures were made in line with Section 4(1) (b) of the Act through BHEL website. Suitable guidelines have been placed on RTI web page on BHEL web site for convenience of the applicants, seeking information. Guidelines have also been issued to administrative units and the concerned senior officials to ensure compliance to the mandatory requirements of the Act.
- 670 applications were received, seeking information during the year 2009-10. All applications received in BHEL have been disposed off within specified time frame in line with the provisions of the Act.
- BHEL also took a lead role in the workshop organized by SCOPE on Right To Information in September, 2009

H. INTERNAL CONTROL SYSTEM

- The company has Internal Audit Cells located at major manufacturing units and regional offices of the company which carry out audit as per annual audit programme approved by Director(Finance)/ Board Level Audit Committee. The Internal Audit department checks the adequacy and effectiveness of internal control systems through regular audits, system reviews and monitors compliance of various policies and procedures. Functioning of Internal Audit and adequacy of internal control system is reviewed by Board Level Audit Committee which is supported by Unit Level Audit Committees.
- The company has put in place adequate internal control measures in major risk areas. These measures are in the form of various codes, manuals and procedures issued by the management covering all critical and important activities viz. Budget, Purchase, Material, Stores, Works, Finance, and Personnel etc. These codes, manuals and procedures are updated from time to time and are subject to strict compliance which is monitored by Internal Audit.

I. MERGERS & ACQUISITIONS

BHEL has framed guidelines for streamlining its internal processes related to mergers & acquisitions in the identified areas for inorganic growth. BHEL intends to pursue acquisition opportunities to achieve its objectives like access to technology, access to global markets, securing global supply sources, diversifying into related & new business areas. BHEL is actively pursuing acquisition opportunities in Europe & USA in the areas of renewable energy and other potential areas like transportation & transmission. BHEL has also empanelled various advisors for Mergers & Acquisitions to assist the company in its M&A endeavors.

J. OPPORTUNITIES AND THREATS

World

The global economic recession that began in 2007 and continued into 2009 has had an unforeseen impact on global energy markets in the near term. As per International Energy Outlook (IEO) 2010, total world marketed energy consumption reduced by 1.2 percent in 2008 and by an estimated 2.2 percent in 2009, due

to contraction in economic activities. Countries world over have responded to the threat of economic melt-down as a result of financial crisis with prompt and co-ordinated fiscal and monetary stimulus packages on an unprecedented scale. The resulting pace of recovery has been uneven so far, with China and India leading and Japan and the European Union member countries lagging.

World Energy Outlook 2009 anticipates energy demand to increase by 40% from 2007 to 2030, or by an average of 1.5% p.a. Total primary energy consumption, including electricity generation, is expected to grow by 0.5 percent per year from 2007 to 2030. The largest increase is expected to be in the commercial sector, where service industries continue to lead demand growth, followed by the residential sector and the industrial sector.

Fossil fuels are expected to remain the dominant sources of primary energy worldwide accounting for more than three-quarters of the overall increase in energy use between 2007 and 2030. Globally, 4800 GW of power generation capacity is expected to be added by 2030, with around 28% coming from China.

China & India account for just over half of the increase in world primary energy demand by 2030. Around 85% of the increase in global coal consumption comes from the power sector in China & India. Nuclear output nonetheless increases in absolute terms in all major regions except OECD Europe. It is expected that, modern renewable technologies will grow most rapidly overtaking gas to become the second largest source after coal, soon after 2010. The share of non hydro renewable energy in total power generation is likely to grow from 1% in 2006 to 4% in 2030.

The future global primary energy demand is expected to be driven by increasing requirements of the rising population, the overall rate of economic growth, and the availability and affordability of energy; energy fuel mix and the efficiency of current and future energy technologies used by the fast emerging economies. Technology, population growth and the role of renewable sources of energy will be the key factors in influencing the future energy growth path. The threat of climate change, caused by rising global temperatures, will have profound impact on the way we produce, transport and use energy.

Arising from the challenges of availability,

accessibility, acceptability and accountability, energy sector will see policy innovations and technology innovations in near term.

India

In India, economic recovery, which began around the second quarter of 2009-10, has since shown sustained improvement. Industrial recovery has become more broad-based and is expected to take firmer hold on the back of rising domestic and external demand. After a continuous decline for nearly a year, exports and imports have expanded since October/November 2009. Flow of resources to the commercial sector from both bank and non-bank sources has picked up. Surveys by the RBI as well as others suggest that business optimism has improved. Under the assumption of a normal monsoon and sustained good performance of the industry and services sectors, the Reserve Bank of India has projected real GDP growth for 2010-11 at 8.0 per cent with an upside bias.

The developments on the inflation front are, however, worrisome. Headline wholesale price index (WPI) inflation accelerated from 1.5 per cent in October 2009 to 9.9 per cent by March 2010.

Prospects of the monsoon in 2010-11, volatility in crude oil prices and likely building up of demand side pressures are some of the uncertainties which can cloud the growth outlook. Further there are initial signs of gradual withdrawal of fiscal stimulus and the growth-supportive monetary policy, unless calibrated carefully this can also have down-side risk to the growth process.

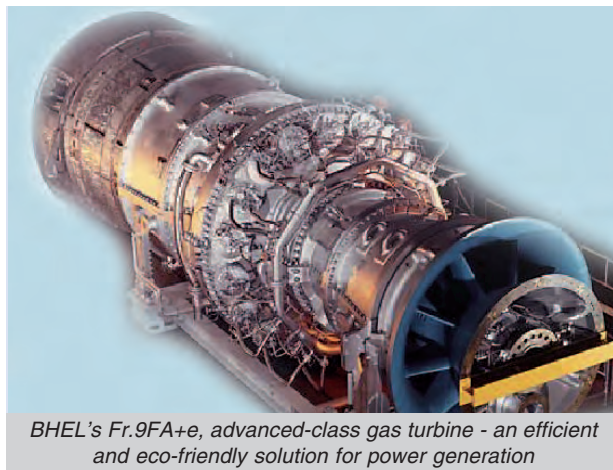
Power Sector

An accelerated growth of power sector is imperative for the overall growth and development of the Indian economy. With GDP growth at an average of 8.5 % during 2005-10 and energy demand at more than 7%, country faced a peak deficit of about 12% and energy shortage of 11% in Financial Year 2008-09. With the economy poised to regain its high growth trajectory of more than 8% with aspiration of around 10%, it is imperative to reduce, if not bridge, the huge power demand-supply gap. Indeed, according to the CEA's 17th Electric Power Survey, energy demand is forecast to increase by a staggering 64% by 2017 and 126% by 2022 from current levels.

Fully realizing the criticality of this sector, over the past few years the Government of India has been taking path-breaking initiatives for rapid growth of the sector

on the legal and regulatory front as well as the business environment front. Electricity Act 2003, National Electricity Policy, National Tariff Policy, Mega Power Policy etc. have created an enabling and investor-friendly policy environment. All these initiatives at apex level coupled with micro-level initiatives in Generation, Transmission and Distribution segments clearly demonstrate the Government's strong commitment to build an efficient and rapidly growing electricity sector with large scale private and foreign investments and state of art technology in every segment.

As a result, today power sector is witnessing a lot of vibrancy and action on all fronts offering growth opportunities for all stakeholders: Project Developers, EPC Contractors, Technology & Equipment Providers and Transmission and Distribution Companies. BHEL



BHEL's Fr.9FA+e, advanced-class gas turbine - an efficient and eco-friendly solution for power generation

along with few private players are building power plant equipment manufacturing capacities to match the demand. But at the same time lack of vigour and matching initiatives from BoP suppliers has become a major bottleneck in the project executions.

Lack of synchronization of capacity and capability building efforts by different players in the entire power value chain; plight of infrastructure; skill deficit; non-availability of adequate fuel and key materials and to some extent, lack of level playing field for domestic manufacturers are the biggest obstacles for growth of the sector.

Higher rating thermal sets with Super Critical parameters, Ultra High Voltage Transmission Systems, Advance Class Gas Turbines and higher rating Nuclear Power Plants are planned to be introduced during the XI Plan and beyond. Capacity creation in future would

demand up-gradation to higher range equipments, faster capacity augmentation and shorter delivery cycle time with better project execution.

Industry Sector

After witnessing a very high degree of uncertainty and volatility driven by the scourge of recession, the country's growth in GDP has been estimated at 7.4 percent during 2009-10 surpassing advance estimates of 7.2 per cent partly due to the base effect but largely by the rebound in business and consumer confidence.

Industrial output, which was affected by the cyclical slowdown and international commodity price shocks in 2007-08 followed by the global recession, recovered substantially in 2009-10. The use-based classification of industries shows that capital goods since September



765 kV Transformer being manufactured at new UHVT Block at BHEL, Bhopal

2009 have registered double-digit growth, which is expected to support the growth momentum in several downstream industries. According to the estimates released by Central Statistical Organisation (CSO), Index of Industrial production (IIP) registered a growth rate of 10.4% in 2009-10 from 2.8% in 2008-09, up by more than three times. Capital Goods registered 19.2% growth as compared to 7.3% previous year.

As per CMIE, the industrial production in fiscal 2010-11 is expected to rise by 9.2% on the top of 10.4% growth registered during 2009-10. The growth is expected to be driven largely by improvement in availability of basic inputs and huge capacity additions. The acceleration in consumption and investment growth will contribute to a higher growth in consumer durables and capital goods output.

K. POSITIONING FOR THE FUTURE

- BHEL is well on its track to become a \$10-11 billion turnover company by Financial Year 2012 in line with its strategic plan. To congregate with the Country's target of power generation capacity addition of more than 1,75,000 MW by 2017, orders for XI Plan have already been placed with 55% share of BHEL. It is expected that the share of private sector projects and the share of supercritical thermal power projects would be much higher in the XII & XIII Plan periods.
- Company has adopted 'Capacity and Capability' enhancement strategy and accordingly capability to deliver 15,000 MW p.a. has been realised. Further expansion to 20,000 MW by March 2012 is in progress. By ensuring that investments are



Prototype of 765 kV gas-insulated current transformer developed in-house at Corp. R&D

timely, well planned and scalable, the company is getting ready for harnessing emerging opportunities in domestic Power sector.

- During XI plan period a capital investment of Rs. 5500 crore has been envisaged towards capacity augmentation of existing products along with introduction of higher rating nuclear sets, 765 kV transformers and other associated transmission and distribution equipments. Transformer manufacturing capacity is also in place for 45000 MVA p.a.
- To maintain a balanced growth, BHEL has increased its focus on Transportation and Transmission sectors. Considering the need of the Country to transmit bulk power over long distances.

BHEL would continue its development of 1200 kV products such as Transformer and CVT.

- Diversification through inorganic growth calls for capturing emerging opportunities in nuclear power, transmission, transportation and renewable energy. Coupled with this, BHEL would continue to pursue strategic alliances by way of Joint Ventures to leverage equipment sales in supercritical thermal projects, and for sourcing of technology, critical inputs and equipments.
- Focus on consolidation in existing international markets and tapping opportunities in new markets will be the drivers for BHEL to expand its international footprint. Manufacturing and service presence in export markets will be explored for geographical diversification.



IGCC combines coal gasification with combined cycle power generation - most efficient and environmental friendly clean coal technology

- To achieve time cycle reduction, BHEL is implementing companywide SAP/ERP covering technical, commercial and manpower areas. Further, appropriate organization structures are planned to be put in place with a focus on key functions like project engineering and project management. Product cost competitiveness is a prerequisite for maintaining leadership position. Capability-building initiatives like Design to Cost (DTC), Lean Manufacturing and Purchase & Supply Management (PSM) would continue to be pursued.
- Against the backdrop of Climate Change, there would be increased focus of BHEL on low Carbon Path Technologies such as Ultra Supercritical, IGCC, Solar Power etc. BHEL would play a lead role in 'development and deployment' of advanced

Ultra Supercritical Power Plant under the proposed National Mission for Clean Coal (Carbon) Technologies.

- Towards enhancing and strengthening manpower, an induction of 18-20,000 people has been planned up to year 2012. During 2007-10, around 12,000 persons have been recruited.
- Associated with the growth agenda, the engineering & technology character of the organization will be enhanced with enhanced focus on innovation and R&D. BHEL plans to increase R&D spend to at least Rs. 900 crore by 2011-12. Greater standardisation of components and sub-systems that will drive cost-competitiveness and faster delivery is being pursued.
- BHEL will continue to move ahead on its Corporate Social responsibility (CSR) Policy comprising eight thrust areas. Accordingly the company will enhance its responsibility towards socio-economic and community development programmes in various villages located near its manufacturing plants and projects sites spread across the country.
- In conformity with its concern for the environment, BHEL has been contributing to the national effort for developing and promoting renewable energy based products on a sustained basis. As its contribution to the Jawaharlal Nehru National Solar Mission, BHEL is in the process of setting up two eco friendly Grid-Interactive Solar Photovoltaic (SPV) Power Plants of 2 MW & 1 MW, on turnkey basis, for KPCL in Karnataka.

L. RISKS AND CONCERNS

The indicative projections of economic growth for 2010-11 appear reassuring, but we need to recognise the major downside risks to growth.

The prospects of sustaining the global recovery hinge strongly on the revival of private demand which continues to be weak in major advanced economies. While recovery in India is expected to be driven predominantly by domestic demand, a sluggish and uncertain global environment can have an adverse impact. If the global recovery gains momentum,

commodity and energy prices may harden further which could add to inflationary pressures.

In Indian power sector, massive power capacity additions are planned which warrant matching capabilities in the country to produce and deliver power plant equipment as well as for evacuation of power generated. At the same time, in many of the project reviews, the subject of long delivery cycle for critical input keeps cropping up. There are delivery pressures all around because of the growing demand. In this context, it becomes all the more necessary to develop additional capability in the field of Balance of Plant (BOP) areas. When every project is engineered, tendered and ordered afresh, the associated business risks are preventing aggressive investment decisions by vendors, leading to further contraction of capacities in Balance of Plant like coal and ash handling systems, water treatment plants, cooling water systems, air-conditioning & ventilation systems, cooling towers, construction equipment, civil works & services, etc.

At the time when coal allocation is being preferred to Super-critical Projects, technology leaders are not willing to share new technologies and insisting on their terms/ imposing licensing restrictions on territories.

Further, considering the growing power demand, many domestic companies have announced their intent to tie-up with leading international players from China, Japan, Europe etc. to set up manufacturing bases in the country. This could escalate intensity of competition for BHEL in long-term.

In most of the business areas in which BHEL operates, the growth prospects are dependent on policy decisions at the national level as also on the prevailing business trends.

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



B. Prasada Rao

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : July 23, 2010

ANNEXURE – A

Name of the Public Enterprise : Bharat Heavy Electricals Limited, New Delhi

Annual Statement Showing the Representation of SCs, STs and OBCs as on 01/01/2010 and No. of appointments made during the preceding calendar year 2009

	Representation of SCs/STs/OBCs (As on 01/01/2010)				No. of appointments made during the calendar year									
					By Direct Recruitment				By Promotion**			By Other Methods		
Groups	Total No. of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	12718	1890	685	1707	549	105	31	178						
Group B	11821	1929	292	596	37	4	6	0						
Group C	19203	4558	1265	4829	1776	340	106	459						
Group D (Exc. SW)	1213	319	46	317	0	0	0	0						
Group D (SW)	180	170	1	3	0	0	0	0						
Total	45135	8866	2289	7452	2362	449	143	637	0	0	0	0	0	0

** In BHEL there is no appointment at induction level by promotion

ANNEXURE – B

REPRESENTATION OF THE PERSONS WITH DISABILITIES

Group	Number of Employees (representation)				DIRECT RECRUITMENT (During the calendar year 2009)								PROMOTION*							
					No. of Vacancies Reserved			No. of Vacancies Made (appointed)				No. of Vacancies Reserved			No. of Vacancies Made (appointed)					
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
Group A	12718	1	11	134	0	1	4	549	0	1	7									
Group B	11821	11	13	116	0	0	0	37	0	0	0									
Group C	19203	35	26	423	12	12	15	1776	2	3	58**									
Group D	1393	1	3	10	0	0	0	0	0	0	0									
Total	45135	48	53	683	12	13	19	2362	2	4	65									

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)

* There is no reservation in Promotion from Group B to A and within Group A. In BHEL within Group-C & D, career based promotion policy is followed, wherein all employees on completion of prescribed eligibility period in a Grade and subject to attaining satisfactory levels in conduct and performance are promoted to the next higher grade.

** In Group C, number of PWD joined includes few persons whose recruitment process was already initiated in 2008 but joined in 2009.

ANNEXURE - 2 TO THE DIRECTORS' REPORT

Brief Resume of Directors Proposed for Appointment and Re-appointment as per Listing Agreement [(Clause 49 IV (G) (I)]

PART-TIME OFFICIAL DIRECTORS

SHRI S. RAVI

Shri S. Ravi, aged 50 years is a Fellow Member of the Institute of Chartered Accountants of India and holds a Masters Degree in Commerce.

His experience includes holding a number of positions on the Board of Banks, Financial Institutions, Asset Management Company, Company involved in Merchant Banking and Company operating as a primary dealer.

As the Promoting and Managing Partner of Ravi Rajan & Co., he supervises the entire gamut of audit and accounting activities of the firm and offers Financial and Management Consultancy in specialized areas comprising of Business Valuations, Brand Valuation, Mergers and Acquisitions, Rehabilitation, Restructuring and Turnaround Strategies.

He has a rich experience in Banking Sector which includes tenure as director of UCO Bank (appointed by Govt. of India). As the Shareholder's Director of Dena Bank during 2000-02, he was member in the Audit Committee, Asset-liability and Risk Management Committee and Board's Committee for monitoring NPAs. He was also Chairman of Board's Financial Review Committee. He also served on the Board of Corporation Bank and was the Chairman of its Audit Committee. His experience in the banking and finance sector also includes serving as director on the Boards of IFCI, CANBANK Fund and Principal Trustee Company Private Limited. He was also a member of Technical Experts Committee of Punjab & Sind Bank and Working Group formed by Reserve Bank of India for preparation of the Draft Government Securities Regulations within the framework of the Government Securities Bill, 2004. Presently, he is a Director on the Board of Union Bank of India.

At present, Shri S. Ravi is Part-time Chairman on the Board of Maharishi Housing Development Finance Corporation Limited and Director on the Boards of IDBI Homefinance Ltd., LIC Housing Finance Ltd., M/s Ravi Rajan & Co. Pvt. Ltd., S. Ravi Financial Management

Services Pvt. Ltd., IDBI Capital Market Services Ltd., Mahindra Ugine Steel Co. Ltd., UTI Trustee Company Pvt. Ltd. He is also a member of the Board of Trustees of Management Development Institute (MDI).

He is Chairman of Audit Committees of LIC Housing Finance Ltd., IDBI Capital Market Services Ltd. and Union Bank of India and Member of Audit Committees of IDBI Home Finance Ltd. and UTI Trustee Company Pvt. Ltd. He is also a Member of Investors' Grievance Committee of Mahindra Ugine Steel Limited (MUSCO).

Shri S. Ravi does not hold any shares of BHEL.

SHRI ASHOK KUMAR BASU

Shri A.K. Basu, aged 68 years, was inducted as a part time non-official Director on the Board of BHEL w.e.f. 22nd June, 2009. He is an IAS Officer (Retd.) of 1965 batch and Honours Graduate in Economics.

In Government of West Bengal, he has held several important positions including Commissioner of Calcutta Municipal Corporation, Education Secretary, Labour Secretary, and Principal Secretary, Food and Civil Supply. He was the Chief Electoral Officer of the State from 1983 to 1987.

Shri Basu has worked in various capacities in Government of India. He was Deputy Secretary, Ministry of Home Affairs during 1976-77. He worked as Special Assistant to the Union Minister of Education, Social Welfare & Culture, during 1977 to 1980. He was Special Secretary, Ministry of Home Affairs during 1996-97.

Shri Basu has had a long association with industry and infrastructure sectors. He was Development Commissioner, Iron & Steel and then Joint Secretary, Ministry of Steel, Government of India during 1988 to 1993, and was actively involved with the decontrol and deregulation of the sector. He served as Additional Secretary & Advisor (Industry & Minerals), Union Planning Commission during 1995-96, dealing with Plans and Projects of nearly 200 economic and infrastructure utilities of Government of India. He was Secretary, Ministry of Steel & Mines, Government of

India, from August, 1997 to May, 2000, and had piloted the largest ever business-cum-financial restructuring of any Indian Public Sector Enterprise, i.e., Steel Authority of India Ltd.

Shri Basu served as Secretary, Ministry of Power, Government of India from June, 2000 till March 31, 2002. During this period, he pioneered several important initiatives for reform and restructuring of the Indian Electricity Sector, including formulation of the Electricity Act.

As Chairman, Central Electricity Regulatory Commission during April, 2002 to March, 2007, Shri Basu put in place a structure of regulation which is credible, impartial and transparent, and which harmonises regulatory action across the country. He was concurrently Chairman of the Forum of Indian Regulators.

Shri Basu was unanimously elected as Chairman, South Asia Forum of Infrastructure Regulation (SAFIR), during 2005-2006.

He is currently Member (Industry & Infrastructure), West Bengal State Planning Board on part-time basis. He is also Director on the Boards of VISA Comtrade Ltd., Tata Metaliks Ltd., Usha Martin Ltd., Andrew Yule & Co. Ltd., JSW Bengal Steel Ltd., Tinplate Co. of India Ltd., VISA Power Ltd., West Bengal Power Development Corporation Ltd., Tata Power Co. Ltd. and Carter Engineering Pvt. Ltd.

The Committee positions of Shri Basu are as under:

1. Chairman, Audit Committee / Andrew Yule & Co. Ltd.
2. Member, Audit Committee / West Bengal Power Development Corp. Ltd.
3. Member, Audit Committee / VISA Power Ltd.
4. Member, Audit Committee / Tin Plate Co. of India Ltd.
5. Member, Shareholders Grievance Committee / Tin Plate Co. of India Ltd.
6. Member, Shareholders Grievance Committee / Tata Metaliks Ltd.

Shri Basu does not hold any shares of BHEL.

SHRI M.A. PATHAN

Shri M.A. Pathan, aged about 68 years, was inducted as a Part-time Non-official Director on the Board of BHEL w.e.f. 22nd June, 2009.

Shri M.A. Pathan is an Honours Graduate with specialisation in Petroleum Management from Cambridge, Massachusetts, USA and has about four decades of diverse experience in the oil industry. He has been the recipient of several prestigious awards. An important pillar of the Indian Petroleum industry, Shri Pathan was the Chairman of India's largest Commercial organisation - Indian Oil Corporation Ltd. from February, 1997 till March, 2002 and had been on its Board since 1994. In the past he had held high positions like Chairman of IBP, Indian Oil Tanking Ltd., Indo Mobil Ltd., Petroleum Federation of India (PetroFed) and Director in IOBL, Mumbai, World LP Gas Association, Group Resident Director with TATAs, Regional Director for South and South-East Asia, Global Union Ventures Ltd. etc. Shri Pathan has been appointed as Chief Mentor (Enterprise Business) in Tata Teleservices Ltd. and is also Strategic Advisor for IOT Infrastructure & Energy Services Ltd.

Presently, Shri Pathan is Chairman on the Boards of Tata Petrodyne Ltd. & IOT Engineering Projects Ltd. and Director on the Boards of Tata McGraw Hill Education Pvt. Ltd., Cochin Shipyard Ltd. and Nagarjuna Oil Corporation Ltd. He is a member of the Audit Committee of Tata Petrodyne Ltd.

Shri Pathan does not hold any shares of BHEL.

SHRI V.K. JAIRATH

Shri V.K. Jairath, aged 51 years, an IAS officer of 1982 Batch was inducted as part-time Non-official Director on the Board of BHEL on 12th November, 2009. He is an Arts Graduate in Public Administration and Law Graduate from Punjab University, Chandigarh. He also holds Post Graduate degree in Economics from the University of Manchester, U.K. He was selected by the Rockefeller Foundation (USA) as leader in Environment and Development. The Foundation has conferred upon him, the status of FELLOW under the LEAD programme.

Shri Jairath has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure, finance, industry, urban development, environmental management, and a touch of the private sector occupying various important positions in the Government of India and the State Government of Maharashtra. He served as Principal Secretary (Industries), Government of Maharashtra between February, 2005 and March, 2008 and was instrumental

in formulating The Mega Project Policy, The Industrial, Infrastructure & Investment Policy 2006, The Maharashtra SEZ Bill and carrying out need based amendments to the IT Policy. He has also been actively associated with Infrastructure initiatives for Power Generation in private sector as well as expansion of capacities of the existing State Power Generation Company, the Mumbai Urban Transport Project, Mumbai Rapid Transport System, Toll Roads and Trans Harbour Link and the proposed 2 green field International Airports at Navi Mumbai and Pune.

He worked as ex-officio Director on the Board of Directors of State Industrial and Investment Corporation of Maharashtra (SICOM), Mahanagar Gas Ltd., Manganese Ore India Ltd., United Western Bank, Sangli Bank Ltd., Maharashtra Industrial Development Corporation (MIDC), Maharashtra Airport Development Company and Maharashtra Maritime Board. During his tenure as Managing Director of SICOM, he headed a team of 150 professionals and initiated a major restructuring exercise leading to a turnaround in the performance of the Company.

Shri Jairath took voluntary retirement in March, 2008 and presently is an Independent Director on the Board of Tata Motors and Avantha Power & Infrastructure Limited. He is the Chairman of the Shareholders' Grievance Committee and Member, Audit Committee in Avantha Power & Infrastructure Limited.

Shri Jairath does not hold any shares of BHEL.

FUNCTIONAL DIRECTORS

SHRI ATUL SARAYA

Shri Atul Saraya, aged 56 years, has been inducted as Director (Power) w.e.f. 1st October, 2009. He is a Graduate in Electrical Engineering from Harcourt Butler Technological Institute, Kanpur and having a PG Diploma in Business Management. Shri Saraya joined BHEL Haridwar as an Engineer Trainee in 1976 and has more than 33 years of diversified and versatile professional experience in BHEL.

After working in various capacities in the area manufacturing and commercial operations at BHEL's Heavy Electricals Equipment Plant, Haridwar, he assumed charge as General Manager in BHEL's Power Sector-Marketing Division at New Delhi. Subsequently, he became General Manager (In-charge) of Company's Power Sector Eastern Region Construction Division, Kolkata. On his elevation as Executive Director, he held

the concurrent charge of Power Sector - Marketing and Power Sector-Eastern Region. For some period he also held the charge of Power Sector-Northern Region.

During his tenure as General Manager (Marketing) Shri Saraya spearheaded BHEL's Marketing thrust by launching new rating thermal sets of 270 MW, 525 MW and 600 MW with the objective of blunting competition from other manufacturers. His astute marketing skills resulted in the company garnering power sector orders worth Rs. 89,150 crore or 33,500 MW during the two year period 2008-10 at a time when the company was operating in an intensely competitive environment. He played a pivotal role in getting a large share of orders from the Private Sector during 2009-10.

As Executive Director, in charge of both Power Sector-Eastern Region & Northern Region, he was responsible for introduction of various innovative improvements in the execution of a large number of EPC and BTG Power Projects underway as part of the Eleventh Plan capacity addition programme of the country. These include the prestigious Commonwealth Games projects. He also initiated holistic planning & review of projects to enable proactive management for timely completion of projects. This integrated approach has resulted in improved coordination/ communication resulting in improved delivery of projects. Parallely, execution capability has been strengthened by augmenting Heavy Lift Cranes, T&Ps, IMTE etc. Also Power Sector-Eastern Region received the coveted CII EXIM Bank Award 2009 - Certificate of Commendation for "Significant Achievement" on the Journey towards Business Excellence by CII-EXIM Bank.

He played an important role in the accomplishment of Technology tie-ups for the company in the area of supercritical thermal power plants and high capacity Gas-based plants as well as finalizing Joint Venture arrangements with State GENCOs for supercritical thermal power projects with the intent of leveraging equipment sales.

Under Shri Saraya's leadership BHEL took up and completed the rehabilitation and re-commissioning work of flood affected Srisaillam Hydro Station in 2009-10. All the 7 units which got totally submerged in water were successfully restored and put in operation in record time. Shri Saraya has also initiated steps to promote standardization, rationalization and development of certain common contract specifications for all Power Sector Regions. In addition, he is driving

the initiative of accelerated skill development through various developmental training programmes like Accelerated Power Engineers Development Programme and Programmes on Super Critical Technology and Civil Construction for Site Engineers. He is actively involved with various forums advocating level playing field for domestic industry.

Presently, Shri Atul Saraya is Director on the Boards of NTPC BHEL Power Project Limited, Udangudi Power Corporation Limited, Raichur Power Corporation Limited & Dada Dhuniwale Khandwa Power Limited.

Shri Atul Saraya holds 200 shares of BHEL.

SHRI O.P. BHUTANI

Shri O.P. Bhutani, aged 57 years, was inducted as Director (Engg., R&D) w.e.f. 24th December, 2009. He is a Mechanical Engineering Graduate from Delhi College of Engineering and an MBA from Delhi University. He has also undergone management training at Oxford University, UK.

After joining BHEL as an Engineer Trainee in 1976, Shri Bhutani has had a distinguished career of over 34 years, spanning a wide range of functions, including Marketing & Business Development; Project Execution; Construction Management; Product Design & Engineering; Operations and Planning & Strategic Management.

At various levels in the International Operations Division, and especially as the Head of the Business Sector since 2007, he has played a key role in placing BHEL on the world map, with overseas references in over seventy countries in all the six continents and a nearly twenty-fold increase in overseas business during the last decade. During this period, there was a major impetus towards execution of large projects with delivery orientation and focused approach, supported by strategic tie-ups, which has been instrumental in establishing BHEL's presence in several new markets. He also spearheaded BHEL's global 'Strategic Plan 2012', to transform BHEL into a global player. Earlier, he served as the Head of Oman Operations of BHEL as Project Manager. As Project Manager of prestigious power project at Oman, he brought laurels to company from the customer which resulted in repeat orders and established Oman as a key market for the company.

During his tenure as Head of the Transportation and Defence businesses of BHEL's Industry Sector,

Shri Bhutani initiated and facilitated strategic steps to fill the technology gaps in three phase electrics for rolling stock and diversification into maintenance vehicles for Indian Railways, as well as new products for the defence sector.

In the Engg. and R&D function, Shri Bhutani has set challenging and time bound medium and long-term technological goals for each of BHEL's products to enable them to maintain the leading position in the country, and provided the necessary resources to achieve these goals. With his conviction that the energy sector must be sensitive to the environmental concerns of society, he has placed a strong emphasis on the development and deployment of clean technologies such as Ultra Supercritical, Integrated Gasification Combined Cycle and Renewable Energies and improvement of energy efficiency in all products across the board.

As Director (Engg., R&D), in addition to the Engineering and R&D functions, he also has responsibility for the Corporate Monitoring, Capital Investment Planning and Materials Management functions. With BHEL's explosive growth, each of these areas presents enormous challenges, requiring radically new ways of thinking and working. With his rich and diverse experiences, and an unflinching commitment to excellence, Shri Bhutani is uniquely positioned to provide the necessary leadership. Since his taking over as Director, he has been focusing on the capability building of the company to overcome the competition being faced by the new entrants/established players in the manufacturing of Power equipment. This has resulted in highest capital expenditure of Rs. 1713 crores (a growth of 58% over last year). One of his key focus area is to ensure completion of capacity augmentation of the company to 20000 MW as per schedule of March, 2012.

Shri Bhutani has represented BHEL at several fora, including Energy Security Committee of Govt. of India, Trade Committee of CII, several working groups and Inter-Governmental Joint Commissions, high power Govt. Delegations and trade bodies of India and has acted as a catalyst for a string of national level policy changes for growth of project exports.

Shri Bhutani is a part-time Director of Udangudi Power Corporation Ltd.

Shri Bhutani does not hold any shares in BHEL.

ANNEXURE - 3 TO THE DIRECTORS' REPORT

Corporate Governance

1. Our Philosophy on Corporate Governance

BHEL has established a sound framework of Corporate Governance which underlines commitment to quality of governance, transparency disclosures, consistent stakeholders' value enhancement and corporate social responsibility. BHEL endeavours to transcend much beyond the regulatory framework and basic requirements of Corporate Governance focusing consistently towards building confidence of its various stakeholders including shareholders, customers, employees, suppliers and the society at large. The Company has developed a framework for ensuring transparency, disclosure and fairness to all, especially minority shareholders.

The Vision of BHEL envisages *being a World-Class Engineering Enterprise committed to enhancing Stakeholders' Value* and its Mission is to be *"An Indian Multinational Engineering Enterprise providing total business solutions through quality products, systems and services in the fields of energy, industry, transportation, infrastructure and other potential areas."*

The Corporate Governance Policy of BHEL rests upon the four pillars of transparency, full disclosure, Independent Monitoring and Fairness to all. To strengthen this, BHEL has signed a MoU with Transparency International to adopt 'Integrity Pact'. Our corporate structure, business procedures and disclosure practices have attained a sound equilibrium with our Corporate Governance Policy resulting in achievement of goals as well as high level of business ethics. BHEL's Corporate Governance policy is based on the following principles:

- i) Independence and versatility of the Board
- ii) Integrity and ethical behaviour of all personnel
- iii) Recognition of obligations towards all stakeholders – shareholders, customers, employees, suppliers and the society
- iv) High degree of disclosure and transparency levels
- v) Total compliance with laws in all areas in which the company operates
- vi) Achievement of above goals with compassion for people and environment

The Company believes that conducting business in a manner that complies with the Corporate Governance procedures and Code of Conduct, exemplifies each of our core values and positions us to deliver long-term returns to our shareholders, favourable outcomes to our customers, attractive opportunities to our employees and making the suppliers our partners in progress & enriching the society.

2. Board of Directors

i. Composition & category of Directors

Pursuant to Section 617 of the Companies Act, 1956, BHEL is a 'Government Company' as 67.72% of the total paid-up share capital of the Company is held by the President of India.

The Board of Directors 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 the independence of the Board and to separate the Board functions of management and control. As the Chairman is an Executive Director, Independent Directors comprise half of the strength of the Board.

The composition of the Board of Directors is as follows:

Chairman & Managing Director	1
Whole-time Executive (Functional) Directors	5
Part-time Official Directors (Government Nominees) representing the Ministry of Heavy Industries & Public Enterprises, Government of India	2
Part-time Non-official (Independent) Directors	8
TOTAL	16

As on 31.03.2010, there exists one vacancy for the post of Director (IS&P) and two vacancies of Independent Directors on the Board of Directors of the Company. The Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India entrusted additional charge of the post of Director (IS&P) to Shri B. Prasada Rao, Chairman & Managing Director/BHEL w.e.f. 1st October, 2009. The matter of filling-up of these vacancies is under consideration of Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India.

ii. Attendance of each Director at the Board meetings held during 2009-10 and the last AGM

Director's Name S/Shri	No. of Board Meetings		Last AGM (held on 17.09.2009)
	Held	Attended	
EXECUTIVE DIRECTORS			
B. Prasada Rao Chairman & Managing Director (w.e.f. 01.10.2009) and Director (IS&P)	11	11	Yes
K. Ravi Kumar Director (Power) and additional charge of Chairman and Managing Director (up to 30.09.2009)	8	8	Yes
C.S.Verma Director (Finance)	11	11	Yes
Anil Sachdev Director (HR)	11	11	Yes
Atul Saraya* Director (Power) (w.e.f. 01.10.2009)	3	3	—
O.P. Bhutani* Director (E, R& D) (w.e.f. 24.12.2009)	1	1	—
PART-TIME OFFICIAL DIRECTORS - GOVT. NOMINEES			
Dr. Surajit Mitra* Additional Secretary – Department of Heavy Industry (up to 14.07.2009)	5	5	—
Dr. Sutanu Behuria* Additional Secretary & Financial Adviser, Ministry of Commerce & Industry (up to 20.07.2009)	5	4	—
Saurabh Chandra Additional Secretary & Financial Adviser, Ministry of Commerce & Industry (w.e.f. 20.07.2009)	6	5	Yes
Rajiv Bansal Joint Secretary – Department of Heavy Industry (w.e.f. 14.07.2009)	6	6	No
PART-TIME NON-OFFICIAL DIRECTORS			
Madhukar* (up to 04.07.2009)	5	4	—
S. Ravi	11	10	Yes
M.A. Pathan (w.e.f. 22.06.2009)	7	7	Yes
Ashok Kumar Basu (w.e.f. 22.06.2009)	7	6	Yes
Smt. Reva Nayyar (w.e.f. 22.06.2009)	7	7	Yes
V.K. Jairath* (w.e.f. 12.11.2009)	2	1	—
Shekhar Datta* (w.e.f. 27.11.2009)	2	2	—

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

iii. Number of other Boards or Board Committees in which Director of BHEL is a member or Chairman as on 31st March, 2010

Director's Name S/Shri	Details of Directorships in other Companies	Details of Committee Memberships and Committee Chairmanship
B. Prasada Rao Chairman & Managing Director	1. Bharat Heavy Plate and Vessels Ltd. (100% subsidiary of BHEL) 2. Electrical Construction Company (ECCO) Tripoli Libya (Member General Assembly)	-NIL-
C.S. Verma Director (Finance)	1. Udangudi Power Corporation Ltd. 2. Raichur Power Corporation Ltd. 3. Dada Dhuniwale Khandwa Power Ltd.	Audit Committee: Udangudi Power Corporation Ltd. (Chairman)
Anil Sachdev Director (HR)	Raichur Power Corporation Ltd.	-NIL-
Atul Saraya Director (Power)	1. NTPC BHEL Power Project Pvt. Ltd. 2. Udangudi Power Corporation Ltd. 3. Raichur Power Corporation Ltd. 4. Dada Dhuniwale Khandwa Power Ltd.	-NIL-
O.P. Bhutani Director (E, R&D)	Udangudi Power Corporation Ltd.	-NIL-
Saurabh Chandra Part-time Official Director	1. HMT Ltd. 2. Heavy Engineering Corporation Ltd. (HEC)	-NIL-
S. Ravi	1. S. Ravi Financial Management Services Pvt. Ltd. 2. IDBI Capital Markets Services Ltd. 3. Mahindra Ugin Steel Ltd. 4. LIC Housing Finance Corporation Ltd. 5. IDBI Home Finance Ltd. 6. UTI Trustee Company Pvt. Ltd. 7. Ravi Rajan & Co. Pvt. Ltd. 8. Maharishi Housing Development Finance Corporation Ltd. 9. Union Bank of India	Audit Committee: 1. IDBI Capital Market Services Ltd. (Chairman) 2. LIC Housing Finance Corporation Ltd. (Chairman) 3. IDBI Home Finance Ltd. (Member) 4. UTI Trustee Company Pvt. Ltd. (Member) 5. Union Bank of India (Chairman)
		Shareholders'/Investors' Grievance Committee Mahindra Ugin Steel Ltd. (Member)

Ashok Kumar Basu	<ol style="list-style-type: none"> 1. Tata Metaliks Ltd. 2. Usha Martin Ltd. 3. Visa Comtrade Ltd. 4. Andrew Yule & Co. Ltd. 5. Visa Power Ltd. 6. Tinsplate Co. of India Ltd. 7. Tata Power Co. Ltd. 8. West Bengal Power Dev. Corp. Ltd. 9. JSW Bengal Steel Ltd. 10. Carter Engineering Pvt. Ltd. 	Audit Committee: <ol style="list-style-type: none"> 1. Andrew Yule & Co. Ltd. (Chairman) 2. Tinsplate Co. of India Ltd. (Member) 3. Visa Power Ltd. (Member) 4. West Bengal Power Dev. Corp. Ltd. (Member)
		Shareholders'/Investors' Grievance Committee <ol style="list-style-type: none"> 1. Tata Metaliks Ltd. (Member) 2. Tinsplate Co. of India Ltd. (Member)
M.A. Pathan	<ol style="list-style-type: none"> 1. Tata Petrodyne Ltd. 2. Indian Oiltanking Engineering & Projects Ltd. 3. Tata McGraw Hill Education Pvt. Ltd. 4. Cochin Shipyard Ltd. 5. Nagarjuna Oil Corp. Ltd. 	Audit Committee: Tata Petrodyne Ltd. (Member)
Smt. Reva Nayyar	Essel Social Welfare Foundation	-NIL-
V.K. Jairath	<ol style="list-style-type: none"> 1. Tata Motors Ltd. 2. Avantha Power & Infrastructure Ltd. 	Audit Committee: Avantha Power & Infrastructure Ltd. (Member)
		Shareholders'/Investors' Grievance Committee Avantha Power & Infrastructure Ltd. (Chairman)
Shekhar Datta	<ol style="list-style-type: none"> 1. Wockhardt Ltd. 2. Vesuvius India Ltd. 3. Triveni Engineering & Industries Ltd. 	Audit Committee: <ol style="list-style-type: none"> 1. Wockhardt Ltd. (Chairman) 2. Vesuvius India Ltd. (Member)
		Shareholders'/Investors' Grievance Committee <ol style="list-style-type: none"> 1. Wockhardt Ltd. (Chairman) 2. Vesuvius India Ltd. (Member)

No Director of the Company holds office at the same time as Director in more than fifteen (15) companies. No Director of the company is a member in more than ten (10) Committees or is a Chairman of more than five (5) Committees across all companies in which he is a Director.

iv. 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 and Managing Director, sends a written notice of each Board meeting to each Director. The Board agenda is circulated to the Directors in advance.

The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter in agenda for discussion. In case of need, 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. The Board meets atleast once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary.

During the year under review, the Board met eleven times on the following dates:

(i) April 2, 2009	(ii) April 23, 2009
(iii) May 8 & 9, 2009	(iv) May 27, 2009
(v) June 30, 2009	(vi) July 22, 2009
(vii) August 18, 2009	(viii) September 16, 2009
(ix) October 23, 2009	(x) December 17, 2009
(xi) January 21, 2010	

The maximum time gap between any two meetings was not more than four calendar months.

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 shareholders.

vi. Role of 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 and public policy.

The Board has established various Committees such as the Audit Committee, Shareholders' / Investors' Grievance Committee, Share Transfer Committee, Remuneration Committee, Project Review Committee,

Merger & Acquisition Committee, Remuneration Committee on PRP and HR Committee having adequate representation of Independent Directors.

In terms of Clause 49 of the Listing Agreement, the Audit Committee, Shareholders' / Investors' Grievance Committee and the Remuneration Committee are chaired by an Independent Director and the said Committees' functions are within the defined terms of reference. The minutes of Committee meetings are circulated and discussed in the Board meetings.

vii. Information placed before the Board of Directors:

The information under the following heads are usually presented to the Board of Directors of BHEL either as part of the agenda papers or are tabled / presented during the course of Board meeting:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Minutes of Board Meetings of unlisted subsidiary company i.e. Bharat Heavy Plate & Vessels Ltd. (BHPV)
- Statement of all significant transactions and arrangements entered into by BHPV (unlisted subsidiary company)
- The information on recruitment and remuneration 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.
- Sale of material, nature of investments, subsidiaries, assets, which is not in normal course of business.

- Action Taken Report on all pending matters.
- Disclosure of Interest by Directors about directorships and Committee positions occupied by them in other companies.
- Quarterly report on Compliance of various laws.
- Information relating to major legal disputes.
- Status of Arbitration cases.
- Short term Investment of surplus funds.
- Any contract(s) in which Director(s) are deemed to be interested.
- Status of shareholder's grievances on quarterly basis.
- Information/status in respect of Power & Industry Sectors and International Operations Division on quarterly basis.
- Significant Capital Investment proposals.
- Changes in significant accounting policies and practices and reasons for the same.
- Detailed presentation on performance of various units/functions.
- Any other information required to be presented to the Board either for information or approval.

viii. Selection of New Directors

As per Articles of Association of BHEL, the President of India through Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, appoints the Chairman & Managing Director, Functional Directors and Part-time Official Directors on the Board of BHEL and also nominates Part-time Non-official Directors (Independent Directors) on the Board of BHEL.

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

ix. Membership term & Retirement policy

The appointment of Chairman & Managing Director, Functional Directors shall be on such terms and conditions, remuneration and tenure as the President of India may from time to time determine.

Two Part-time Official Directors i.e. Additional Secretary/Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises and Additional Secretary & Financial Advisor, Ministry of Commerce and Industry are nominated by the Government of India on the Board of BHEL. They 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 Department of Heavy Industry. Normally, an Independent Director is appointed for a period of three years. All such appointees are liable to retire by rotation in terms of the provisions of the Articles of Association of BHEL.

x. Code of Conduct

As part of BHEL's persisting endeavour to set a high standard of conduct for its employees, a 'Code of Business Conduct and Ethics' has been laid down for all Board Members and Senior Management personnel.

The Code encompasses:

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

A copy of the said Code has been placed on the Company's website 'www.bhel.com'. Additional suggestions / ideas to improve the said Code are gladly invited.

xi. CEO/CFO certification

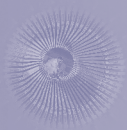
CEO / CFO certification pursuant to Clause 49(V) of the Listing Agreement is enclosed.

3. Audit Committee

i. Brief description of terms of reference:

The terms of reference of the Audit Committee specified by the Board are in conformity with the requirements of revised Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. They are as follows:

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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.



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 before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
 5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. (i) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - (ii) To ensure compliance of internal control systems.
 7. 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.
 8. Discussion with internal auditors any significant findings and follow up there on.
 9. 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.
 10. (i) Discussion with Statutory Auditors / Internal Auditors periodically about internal control systems.
 - (ii) 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 including observations of the Auditors.
 11. 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.
 12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
 13. 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.
 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.
- Explanation (ii): If the company has set up an Audit Committee pursuant to provision of the Companies Act, the said Audit Committee shall have such additional functions / features as is contained in this clause.

ii. Composition of Committee, name of members & Chairman and attendance

The Audit Committee comprises of a majority of Independent Directors as mandated by the Listing Agreement. The member directors comprise of professionals of repute and standing with background in commerce, finance, administration and governance, both national and international.

The Audit Committee was last reconstituted on 22nd July, 2009. The Committee comprises of the following directors:

Name of the Director S/ Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
S. Ravi (Part-Time Non-Official Director)	Chairman	7	7
M.A. Pathan (Part-Time Non-Official Director)	Member	5	5
Smt. Reva Nayyar (Part-Time Non-Official Director)	Member	4	4
Dr. Sutanu Behuria (Part-Time Official Director) (Upto 20.7.2009)	Member	2	1
Madhukar (Part-Time Non-Official Director) (Upto 4.7.2009)	Member	2	2

Company Secretary acts as the Secretary to the Committee. Director (Finance), Head of Corporate Internal Audit and a representative of Statutory Auditors attend the meetings as invitees.

iii. Meetings of Audit Committee during 2009-10

The Audit Committee met seven times on the 2nd April, 2009, 27th May, 2009, 22nd July, 2009, 10th August, 2009, 23rd October, 2009, 17th December, 2009 and 21st January, 2010 during the year 2009-10.

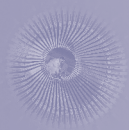
4. Remuneration Committee

i. Remuneration policy

BHEL being a Public Sector Undertaking, the appointment and fixation of remuneration of CMD / Functional Directors are decided by the Govt. of India, whereas the part-time non-executive directors are not paid any remuneration except sitting fees for attending meetings of the Board or Committee thereof. Moreover, the terms of appointment of CMD / Directors, as approved by the President of India, provide for fixation of certain perks and benefits like leased accommodation, payment of HRA, furnished accommodation, productivity linked incentive, etc., as per rules of BHEL. As such, the Board had constituted a Remuneration Committee in its meeting held on 7th December, 2005 with the following terms of reference inline with Clause 49 of the Listing Agreement.

ii. Terms of reference

- 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.



- e) Finalization of the criteria of making payments to Non-Executive Directors.
- f) 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.
- g) Carrying out any other function related to the terms of reference of the Remuneration Committee.

iii. Composition, names of members & Chairman and attendance

The Remuneration Committee was last reconstituted on 30th June, 2009. The details of names of members and Chairman of the

Remuneration Committee are as under:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Ashok Kumar Basu (Part-Time Non-Official Director)	Chairman	1	1
S. Ravi (Part-Time Non-Official Director)	Member	1	-
Smt. Reva Nayyar (Part-Time Non-Official Director)	Member	1	1
Director (Finance)	Member	1	1
Director (HR)	Member	1	1

Company Secretary of the Company acts as the Secretary to the Committee.

iv. Meetings during the year

The Remuneration Committee met once on 20th January, 2010 during the year 2009-10.

v. Details of remuneration of Functional Directors during the year 2009-10 are given below:-

(in Rs.)

Sl. No.	Name of the Director S/Shri	Salary	Benefits	Arrears, if any	Performance Linked Incentives	Total	Service Contract/ Notice Period Severance Fee
1.	K. Ravi Kumar	1942607*	602546	1197681	133200	3876034	Relieved on 30.09.2009
2.	B. Prasada Rao	1090369	1091177	1017459	133200	3332205	—
3.	C. S. Verma	987242	1014843	1001288	133200	3136573	Liable to retire by rotation
4.	Anil Sachdev	1075747	922173	837461	133200	2968581	Liable to retire by rotation
5.	Atul Saraya	947608	836852	1047706	115456	2947622	Liable to retire by rotation
6.	O.P. Bhutani	947736	1014642	764931	122100	2849409	Liable to retire by rotation

* Includes leave encashment on retirement

vi. Details of payments made to Independent Directors during the year 2009-10 are given below: -

(in Rs.)

Name of the Independent Directors S/Shri	Sitting Fees		Total
	Board Meeting	Committee Meeting	
Madhukar	40,000/-	30,000/-	70,000/-
S. Ravi	1,10,000/-	1,00,000/-	2,10,000/-
Ashok Kumar Basu	70,000/-	45,000/-	1,15,000/-
M.A. Pathan	80,000/-	85,000/-	1,65,000/-
Smt. Reva Nayyar	80,000/-	90,000/-	1,70,000/-
Shekhar Datta	30,000/-	0	30,000/-
V.K. Jairath	20,000/-	0	20,000/-

Independent Directors were entitled for sitting fee @ Rs.10,000/- per Board/Committee Meeting attended by them. However, the Board of Directors in the 422nd Meeting held on 21st January, 2010 approved the increase in sitting fee to Rs. 20,000/- per Board Meeting and Rs. 15,000/- per Board Level Committee Meeting.

vii. Equity Shares held by Directors

Except as stated hereunder, none of the Directors, hold any Equity Shares in BHEL (as on 31st March 2010):

Name of the Director	No. of shares held
Shri B. Prasada Rao	400
Shri Atul Saraya	200

The Company has not issued any stock options during the year 2009-10.

5. Shareholders' Committees

5.1 Share Transfer Committee

The Board constituted a Share Transfer Committee on 25th March, 1992, which comprises of Chairman & Managing Director, Director (Power) and Director (Finance) of the Company.

The Share Transfer Committee considers and approves all share-related issues, transfer / transmission of shares, issue of duplicate share certificate etc., in physical mode besides taking note of beneficiary position under demat mode.

Meetings during 2009-10

The Share Transfer Committee met 20 times during the year. The minutes of the Share Transfer Committee meetings are periodically placed before the Board of Directors.

5.2 Shareholders'/Investors' Grievance Committee (SIGC)

The Shareholders'/Investors' Grievance Committee was set up on 26th July, 2001 specifically to look into matters related to redressal of shareholders and investors complaints like transfer of shares, non-receipt of Balance Sheet, dividend and any other relevant grievance that the shareholder may have.

The Committee comprises of the following directors:

Name of the Director S/ Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Madhukar (Part-Time Non-official Director) (up to 04.07.2009)	Chairman	1	1
Smt. Reva Nayyar (Part-Time Non-official Director)	Chairperson (w.e.f. 22.07.2009)	3	3
Director (Finance)	Member	4	4
Director (HR)	Member	4	4

Company Secretary is the Compliance Officer in terms of Clause 47 of the Listing Agreement with the Stock Exchanges.

Meetings during 2009-10

The Committee met four times on 19th June, 2009, 10th August, 2009, 23rd October, 2009 and 20th January, 2010 during the year under review. The details of the attendance of each member is given in the above table.

Details of shareholders' complaints

As reported by Karvy Computershare Private Limited (RTA) to SEBI, 679 complaints were received from shareholders during the year under review and all complaints were redressed up to 31st March, 2010. No complaint was pending at the end of the period under report.

6. HR Committee

The Board constituted HR Committee on 31st May, 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.

Composition, names of members and Chairman

The names of members and Chairperson of the HR Committee as reconstituted on 22.07.2009 are as under:

Name of the Director S/Shri	Position
Smt. Reva Nayyar (Part-Time Non-Official Director)	Chairperson
Rajiv Bansal Joint Secretary – DHI and Director - BHEL	Member
M.A. Pathan (Part-Time Non-Official Director)	Member
Director (Finance)	Member
Director (HR)	Member

Company Secretary of the Company acts as the Secretary to the Committee.

Meetings and Attendance

No meeting of HR Committee took place during the year.

7. Committee on Merger & Acquisitions

The Board constituted Committee on Mergers & Acquisitions on 25th January, 2007 specifically to look into the following matters:

- To examine the feasibility of the proposals relating to mergers, acquisitions and takeover of entities in terms of powers granted by Government of India to Navratna PSUs and make necessary recommendations to the Board.
- To examine the synergy and strategic fit between BHEL and the M&A opportunity and decide on recommendations at various stages of Due Diligence.
- To take a view on the valuation of the target, bidding strategies, term sheets, mode of financing and finalise recommendations on crucial issues pertaining to definitive documents like Shareholders' and Share Purchase Agreements etc.
- To provide guidance on post M&A issues of management restructuring, relationship with parent company and other related issues.

Composition, names of members and Chairman

The detail of names of members & Chairman of the Mergers & Acquisitions Committee are as under:

Name of the Director S/ Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Rajiv Bansal Joint Secretary – DHI and Director - BHEL	Chairman	2	2
K. Ravi Kumar CMD and Director (Power) (up to 30.09.2009)	Member	1	0
S. Ravi (Part-Time Non-Official Director)	Member	2	2
Director (IS & P)	Member	2	2
Director (Finance)	Member	2	2
Director (Power) w.e.f. 01.10.2009	Member	1	1
Director (E,R &D) w.e.f. 24.12.2009	Member	1	1

Meetings and Attendance

The Committee met two times on 10th August, 2009 and 12th January, 2010 during the year under review. The details of the attendance of each member is given in the above table.

8. Project Review Committee

The Board constituted Project Review Committee on 25th January, 2007 with the following terms of reference:

- The Project Review Committee shall have at least four meetings in a year.
- The quorum for the meetings shall be three members.
- The Project Review Committee shall review the status of projects costing Rs. 100 Crore and above, orders won/ lost and major customer complaints in respect of Power & Industry Sectors and International Operations Division, on quarterly basis.
- The Project Review Committee may invite such of the executives, as it considers appropriate to be present at the meetings of the Committee.
- The Project Review Committee shall make necessary recommendations, wherever required, to the Board relating to projects in respect of Power Sector, Industry Sector and International Operations and also on related issues.

Composition, names of members and Chairman

The details of names of members and Chairman of the Project Review Committee are as under:

Name of the Director S/ Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
M.A. Pathan (Part-Time Non-official Director)	Chairman	3	3
Ashok Kumar Basu (Part-Time Non-official Director)	Member	3	3
K. Ravi Kumar CMD and Director (Power) (up to 30.9.2009)	Member	1	1
Director (IS&P)	Member	3	2
Director(Power) w.e.f 01.10.2009	Member	2	2

Joint Secretary/ Additional Secretary, Department of Heavy Industry on BHEL Board shall be the permanent invitee and Head of International Operations of BHEL shall be invited as and when required. Company Secretary of the Company shall act as Secretary to the Committee.

Meetings and Attendance

The Committee met three times on 18th August, 2009, 22nd October, 2009 and 24th February, 2010 during the year under review. The detail of the attendance of each member is given in the above table.

9. Remuneration Committee on Performance Related Pay

In line with the DPE guidelines issued vide Office Memorandum no. 2 (70)/08-DPE (WC) dated 26.11.2008, Board constituted the Remuneration Committee on Performance Related Pay on 23rd April, 2009 to decide the bonus/ variable pay pool and policy for its distribution across the executives and non-unionised supervisors.

Meetings, Attendance, Composition, Names of Members and Chairman

The Committee met once during the year on 7th January, 2010. The details of the names of members, Chairperson of the Remuneration Committee on Performance Related Pay and attendance of each member are as under:

Name of the Director S/ Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Smt. Reva Nayyar (Part-time Non-official Director)	Chairperson	1	1
S. Ravi (Part-time Non-official Director)	Member	1	1
Director (Finance)	Member	1	1
Director(HR)	Member	1	1

10. General Meetings

i. Location and time of last three AGMs:

Year	Location	Date	Time
FY 2006-07 (43rd AGM)	FICCI Auditorium, Barakhamba Road (Tansen Marg) New Delhi-110 001	17 th September, 2007	10.00 a.m.
FY 2007-08 (44th AGM)	-do-	17 th September, 2008	10.00 a.m.
FY 2008- 09 (45th AGM)	-do-	17 th September, 2009	10.00 a.m.

ii. Details of Special resolutions passed in previous three AGMs / EGMs

The Company passed special resolutions in EGM held on 30.04.2007: one for alteration of Article 4-A relating to “Authorized Share Capital of the Company” and the other for insertion of new Article 86A relating to “Capitalization of Reserves” in the Articles of Association of the Company.

iii. Postal Ballot

No special resolutions were passed through postal ballot in the previous year. No such resolutions are proposed through postal ballot during the year.

11. 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 that may have potential conflict with the interests of the company at large. Nonetheless, transactions with related parties have been disclosed in Note no. 20 of Schedule 19 to the Accounts in the Annual Report.

ii. Non-compliances / penalties & strictures imposed on the company with respect to capital markets in the last three years

No such non-compliance has occurred nor any penalty or stricture been imposed on the company in the last three years. The company has set the highest standards with respect to observance and conformity with laws and all compliances are made much before the deadlines stipulated by statute.

iii. Whistle Blower policy

BHEL has not yet established a Whistle Blower Policy for the employees. Nonetheless, no personnel has been denied access to the audit committee.

iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

All mandatory requirements as indicated in Clause 49 of the listing agreement have been duly complied with by the company. Details of the same have been given in appropriate places in this report.

Clause 49 further states that the non-mandatory requirements may be implemented as per our discretion. The company has already set up a Remuneration Committee to approve specific aspects of the remuneration of directors. Other non-mandatory requirements would be gradually complied with on need basis by the company.

v. Risk Management

The framework for Risk assessment and minimisation procedures has been reviewed by the Board, which suggested appointment of a Consultant. The Consultant has since been appointed and expected to complete the project in 12 months.

vi. Auditor's certificate on Corporate Governance

Auditor's certificate on Corporate Governance is enclosed.

12. Communication of financial and other information

As required under clause 41, company issues a notice of at least 7 days 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 after they are taken on record / approved to the Stock Exchanges. These financial results are normally published in the Economic Times and Hindustan Times (English) and Jansatta (Hindi) and also displayed on the company's website www.bhel.com within 48 hours of the conclusion of the said meeting.

The said information up to 31.03.2010 is also posted on the SEBI EDIFAR (Electronic Data Information Filing and Retrieval) website "www.sebiedifar.nic.in" and w.e.f. 01.04.2010 on CFDS (Corporate Filing and Dissemination System) website "www.corpfiling.co.in" where they are freely accessible by any person.

Official news releases including important events like receipt of major orders as well as presentations made to the investors and financial analysts at periodic investors' meets are also displayed on the Company's website.

13. General Shareholder Information

i. AGM (Date, Time and Venue)		
	<u>Date /Time</u>	<u>Venue</u>
	17 th September, 2010 10.00 A.M.	FICCI AUDITORIUM Barakhamba Road, (Tansen Marg), New Delhi-110 001.
ii. Financial year	—	1 st April, 2009 to 31 st March, 2010
iii. Dates of Book Closure	—	3 rd September, 2010 to 17 th September, 2010 (Both days inclusive)
iv. Dividend payment date	—	On or before 16 th October, 2010

v. Dividend History:

BHEL has been following “**Stability cum Growth**” policy with regard to dividend payment. The details of dividend paid by BHEL during the last ten years and the amount of unclaimed dividend as on 31.03.2010 are summarized as under:

Year	Rate of Dividend	No. of Shares	Total Amount of Dividend Paid (Rs.)	Date of AGM on which Dividend was declared	Unclaimed Dividend as on 31.03.2010 (Rs.)	Proposed date for transfer to IEPF
2000-2001	30%	244760000	734280000	28.09.2001	Already transferred to Investor Education & Protection Fund	
2001-2002	40%	244760000	979040000	30.09.2002	Already transferred to Investor Education & Protection Fund	
2002-2003	40%	244760000	979040000	30.09.2003	471732	28.10.2010
2003-2004 (Interim)	30%	244760000	734280000	01.03.2004*	273165	29.03.2011
2003-2004 (Final)	30%	244760000	734280000	28.09.2004	219693	26.10.2011
2004-2005 (Interim)	35%	244760000	856660000	10.12.2004*	270210	07.01.2012
2004-2005 (Final)	45%	244760000	1101420000	29.09.2005	339317	27.10.2012
2005- 2006 (Interim)	40%	244760000	979040000	07.12.2005*	270156	04.01.2013
2005- 2006 (Spl. Interim)	85%	244760000	2080460000	07.03.2006*	526932	04.04.2013
2005-2006 (Final)	20%	244760000	489520000	15.09.2006	162988	13.10.2013
2006-2007 (Interim)	125%	244760000	3059500000	25.01.2007*	881004	22.02.2014
2006-2007 (Final)	60%	489520000	2937120000	17.09.2007	1039488	15.10.2014
2007-2008 (Interim)	90%	489520000	4405680000	25.01.2008*	1712727	22.02.2015
2007-2008 (Final)	62.5%	489520000	3059500000	17.09.2008	1803696	15.10.2015
2008-2009 (Interim)	90%	489520000	4405680000	29.01.2009*	2584791	26.02.2016
2008-2009 (Final)	80%	489520000	3916160000	17.09.2009	1708728	15.10.2016
2009-2010 (Interim)	110%	489520000	5384720000	21.01.2010*	3831663	18.02.2017

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

vi Listing on Stock Exchanges and Stock Code

BHEL's shares are listed on the following Stock Exchanges for which listing fees for 2009-10 has been paid:

	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy, Dalal Street, Mumbai - 400 001	500103
2.	National Stock Exchange of India Limited "Exchange Plaza" C-1, Block - G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	BHEL

vii. Delisting of Equity Shares

BHEL filed necessary application with Calcutta Stock Exchange Association Limited as far back as on 3rd November, 2004. Approval for delisting from Calcutta Stock Exchange Association Limited is still awaited. However, BHEL has neither paid listing fees for 2009-10 nor has it been filing any returns /reports /documents etc required to be sent as per Listing Agreement to the Calcutta Stock Exchange with effect from 1st April 2005.

viii. Market Price Data & performance in comparison to broad-based indices such as BSE Sensex, BSE PSU Index and S&P CNX Nifty Index are as under:-

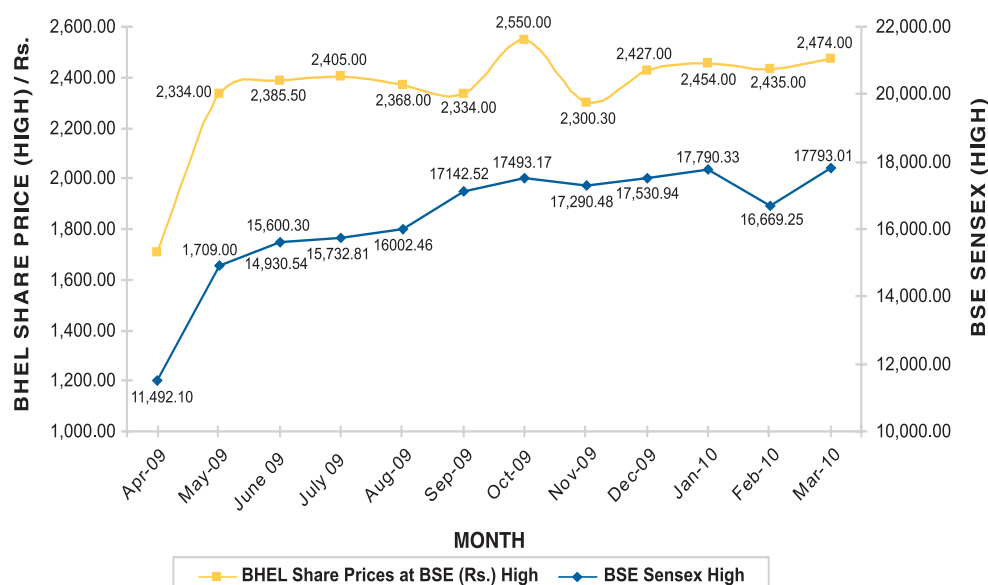
BHEL Vs. BSE Sensex

High and low of BHEL market share price on the **Bombay Stock Exchange Ltd. (BSE)** vis-à-vis BSE Sensex, No. of shares traded and Net turnover, during each month in last financial year ended March 31, 2010 are summarized as under:

Month	BHEL Share Prices at BSE (Rs.)		BSE Sensex		No. of shares traded	Net turnover (Rs. in Lakhs)
	High	Low	High	Low		
Apr-09	1,709.00	1,450.20	11,492.10	9,546.29	57,47,127	90425.14
May-09	2,334.00	1,572.30	14,930.54	11,621.30	50,58,116	95909.16
June-09	2,385.50	2,008.00	15,600.30	14,016.95	41,07,612	89881.60
July 09	2,405.00	1,940.00	15,732.81	13,219.99	44,99,184	97278.64
Aug-09	2,368.00	2,106.00	16,002.46	14,684.45	28,72,252	64905.53
Sep-09	2,334.00	2,180.00	17,142.52	15,356.72	26,15,956	59009.69
Oct-09	2,550.00	2,184.90	17,493.17	15,805.20	26,69,151	64416.40
Nov-09	2,300.30	2,105.00	17,290.48	15,330.56	21,58,387	48222.12
Dec-09	2,427.00	2,190.00	17,530.94	16,577.78	27,00,857	61898.74
Jan-10	2,454.00	2,240.00	17,790.33	15,982.08	20,20,797	47848.06
Feb-10	2,435.00	2,271.40	16,669.25	15,651.99	13,57,271	32068.75
Mar-10	2,474.00	2,323.00	17,793.01	16,438.45	17,78,426	42772.09

Source:www.bseindia.com

PERFORMANCE OF BHEL SHARE PRICE - BSE (HIGH) vs BSE SENSEX (HIGH) DURING 2009-10



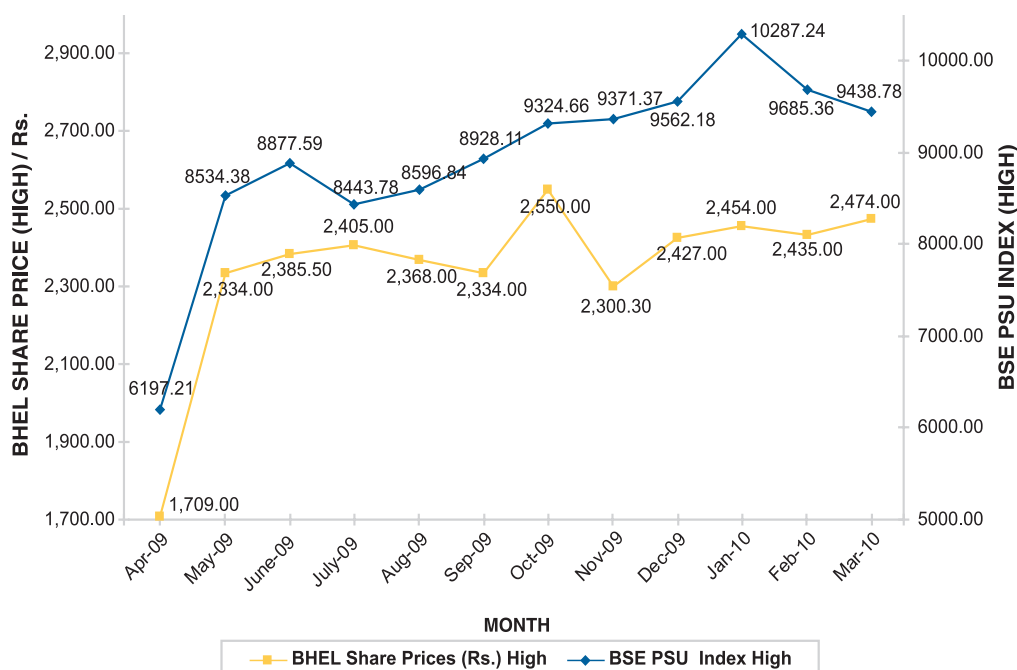
BHEL Vs. BSE PSU Index

High and low of BHEL market share price on the **Bombay Stock Exchange Limited (BSE)** vis-à-vis BSE PSU Index, during each month in last financial year ended March 31, 2010 are summarized as under:

Month	BHEL Share Prices at BSE (Rs.)		BSE PSU Index	
	High	Low	High	Low
Apr-09	1,709.00	1,450.20	6,197.21	5,156.76
May-09	2,334.00	1,572.30	8,534.38	5,897.97
June 09	2,385.50	2,008.00	8,877.59	7,558.64
July 09	2,405.00	1,940.00	8,443.78	7,250.95
Aug-09	2,368.00	2,106.00	8,596.84	7,937.23
Sep-09	2,334.00	2,180.00	8,928.11	8,208.81
Oct-09	2,550.00	2,184.90	9,324.66	8,375.05
Nov-09	2,300.30	2,105.00	9,371.37	8,150.29
Dec-09	2,427.00	2,190.00	9,562.18	9,050.29
Jan-10	2,454.00	2,240.00	10,287.24	9,217.76
Feb-10	2,435.00	2,271.40	9,685.36	9,088.70
Mar-10	2,474.00	2,323.00	9,438.78	8,899.42

Source: www.bseindia.com

PERFORMANCE OF BHEL SHARE PRICE - BSE (HIGH) vs BSE PSU INDEX (HIGH) DURING 2009-10



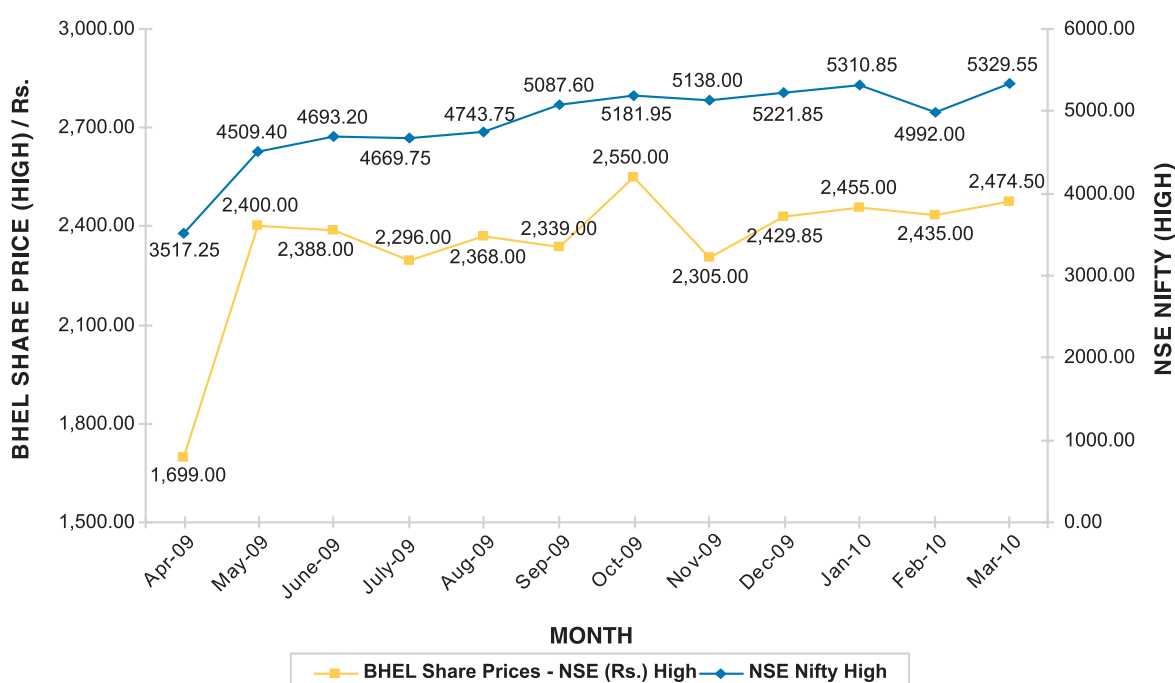
BHEL Vs. S&P CNX Nifty

High and low of BHEL market share price on the **National Stock Exchange of India Limited (NSE)** vis-à-vis S&P CNX Nifty, No. of shares traded and Net turnover, during each month in last financial year ended March 31, 2010 are summarized as under:

Month	BHEL Share Prices at NSE (Rs.)		NSE Nifty		No. of shares traded	Net turnover (Rs. in Lakhs)
	High	Low	High	Low		
Apr-09	1,699.00	1447.00	3,517.25	2,965.70	27947479	440227.27
May-09	2,400.00	1570.10	4,509.40	3,478.70	28678540	550987.04
June 09	2,388.00	2,001.00	4,693.20	4,143.25	24340656	529228.16
July 09	2,296.00	1922.70	4,669.75	3,918.75	20484384	442603.11
Aug-09	2,368.00	2,105.00	4,743.75	4,353.45	14740860	332775.26
Sep-09	2,339.00	2,176.25	5,087.60	4,576.60	16387745	369985.25
Oct-09	2,550.00	2,182.55	5,181.95	4,687.50	15871840	380520.14
Nov-09	2,305.00	2,103.05	5,138.00	4,538.50	15211410	340194.82
Dec-09	2,429.85	2,188.00	5,221.85	4,943.95	17282219	395723.70
Jan-10	2,455.00	2,236.40	5,310.85	4,766.00	12365946	292954.17
Feb-10	2,435.00	2,270.10	4,992.00	4,675.40	9586994	226585.56
Mar-10	2,474.50	2,324.00	5,329.55	4,935.35	12182979	292184.76

Source: www.nseindia.com

PERFORMANCE OF BHEL SHARE PRICE - NSE (HIGH) vs S&P CNX NIFTY (HIGH) DURING 2009-10



ix. Policy on Insider Trading

BHEL endeavors 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.

Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 issued in November, 2008, BHEL has revised its “Code of Conduct for Prevention of Insider Trading”. The revised BHEL “Code of Conduct for Prevention of Insider Trading, 2009” came into force on 29th January, 2009. The objective of the Code is to prevent dealing in securities of the Company by an Insider (Directors and other Designated Employees) either on his own behalf or on behalf of any other person, on the basis of unpublished price sensitive information. The Board has appointed Director (Finance) as the Compliance Officer under the Code.

x. Registrar & Share Transfer Agent (RTA)

M/s. Karvy Computershare Private Ltd.

Delhi Address

UNIT: BHEL
105-108, Arunachal Building,
19, Barakhamba Road,
New Delhi-110 001
Tel. : 011-23324401
43681700/01/02/21
Fax: 011-23730743
Email: ksbldelhi@karvy.com

Hyderabad Address

UNIT: BHEL
17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500 081
Tel.: 040-44655000
Fax : 040-44655024
Email: madhusudhan@karvy.com
mailmanager@karvy.com

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

xi. Share Transfer System

The share transfer system with respect to physical shares consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of Transfers, its approval by the Share Transfer Committee and dispatch of transferred certificates to the respective transferees within the prescribed time as per the Listing Agreement. Share Transfer activities under physical segment like receipt/dispatch of documents, their verification and preparation of Memorandum of Transfers are being carried out by Karvy Computershare Private Limited.

xii. Distribution of Shareholding

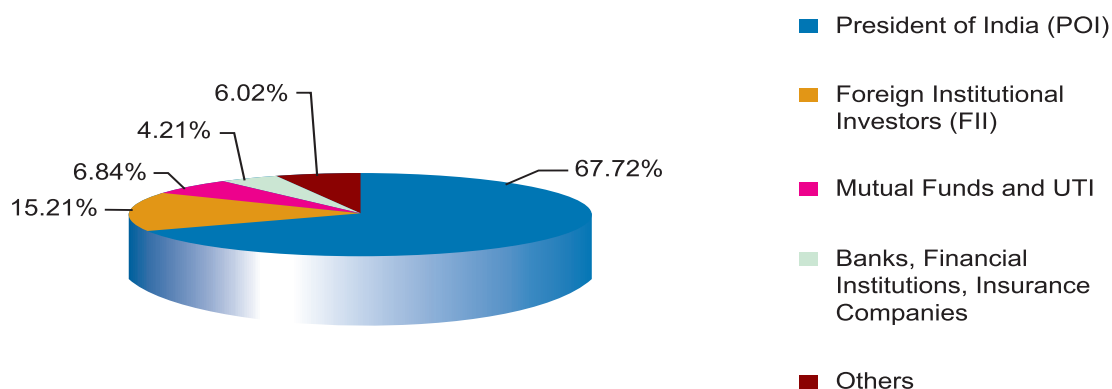
(a) Distribution of shares according to size of holding as on 31st March 2010

No. of equity shares held	No. of Shareholders	% of shareholders	No. of shares	% of shareholding
1 – 500	207185	98.56	6877471	1.41
501 - 1000	1283	0.61	971617	0.20
1001 - 2000	559	0.26	834819	0.17
2001 - 3000	157	0.07	396382	0.08
3001 - 4000	86	0.04	306205	0.06
4001 - 5000	68	0.03	310598	0.06
5001 - 10000	159	0.07	1194894	0.24
10001 & Above	707	0.33	478628014	97.78
Total :	210204	100.00%	489520000	100.00%

(b) Shareholding Pattern as on 31st March 2010

Category	2010		2009	
	Voting strength (%)	No. of shares held	Voting strength (%)	No. of shares held
Promoters Holding				
Indian Promoters-				
- President of India (POI)	67.72	331510000	67.72	331510000
- Nominees of POI	0.00	400	0.00	400
Total Promoter holding	67.72	331510400	67.72	331510400
Non-promoters Holding				
Institutional Investors				
Mutual Funds and UTI	6.84	33484614	5.14	25168090
Banks, Financial Institutions, Insurance Companies	4.21	20618943	4.01	19619712
Foreign Institutional Investors	15.21	74435163	17.03	83379194
Others				
Directors & Relatives	0.00	600	0.00	400
Private Corporate Bodies	4.13	20204090	3.86	18875727
Indian Public	1.68	8250713	1.97	9604223
Foreign Nationals	0.00	0	0.00	1250
NRIs/OCBs	0.11	526431	0.12	609975
Trust	0.02	88785	0.00	13657
Shares in Transit (NSDL/CDSL)	0.08	400261	0.15	737372
Total Non-promoter holding	32.28	158009600	32.28	158009600
Grand Total	100.00	489520000	100.00	489520000

Shareholding Pattern as on 31st March, 2010



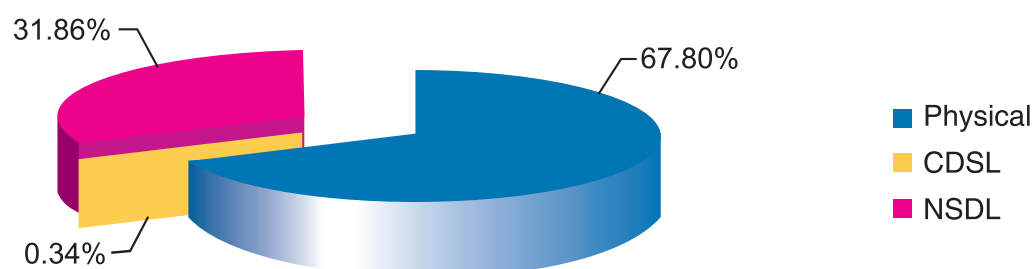
(c) List of shareholders who are holding more than 1% of the shares of the Company as on 31st March, 2010.

Category & Shareholder's Name	2010		2009	
	Voting strength (%)	No. of shares held	Voting strength (%)	No. of shares held
Promoters				
1. President of India	67.72	331510400	67.72	331510400
Non-promoters				
1. Life Insurance Corporation of India	3.22	15744760	5.02	24566152
2. ICICI Prudential Life Insurance Co. Ltd.	1.75	8581568	1.64	8046925
3. LIC of India Money Plus	1.15	5635508	Nil	Nil

xiii. 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, 2010, 32.20% of the total equity share capital of BHEL has been dematerialised by the shareholders and held in the name of the NSDL / CDSL. International Securities Identification Number (ISIN) allotted to Company is INE257A01018.

Shares held by Depositories as on 31st March, 2010



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

Nil

xv. Plant locations

BHEL Manufacturing Units	Bangalore	1. Electronics Division
		2. Electronics Systems Division
		3. Electro Porcelain Division
	Bhopal	4. Heavy Electrical Plant
	Goindwal	5. Industrial Valves Plant
	Haridwar	6. Heavy Electrical Equipment Plant
		7. Central Foundry Forge Plant
	Hyderabad	8. Heavy Power Equipment Plant
	Jagdishpur	9. Insulator Plant
		10. Central Stamping Unit
	Jhansi	11. Transformer Plant
	Rudrapur	12. Component Fabrication Plant
	Ranipet	13. Boiler Auxiliaries Plant
	Tiruchirappalli	14. High Pressure Boiler Plant
		15. Seamless Steel Tube Plant
BHEL Repair Units	Mumbai	1. Electrical Machine Repair Plant
	Varanasi	2. Heavy Equipment Repair Plant
BHEL Subsidiary	Visakhapatnam	1. Bharat Heavy Plate and Vessels Ltd.

xvi. Address for correspondence

Shareholders can send their queries regarding Transfer of shares, Non-receipt of dividend, Revalidation of Dividend Warrants and any other correspondence relating to the shares of the Company either to:

Shri I. P. Singh
Company Secretary
BHEL

Phone : 011-66337501
Fax : 011-66337533
Email : inder@bhel.in

Regd. Office: BHEL House, Siri Fort
New Delhi – 110 049

OR

KARVY COMPUTERSHARE PVT. LTD.

UNIT: BHEL

Delhi : 105-108, Arunachal Building,
19, Barakhamba Road,
New Delhi – 110 001

Phone : 011-23324401
43681700/01/02/21
Fax : 011-23730743
Email : ksbldelhi@karvy.com

Hyderabad : 17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad – 500 081

Phone : 040-44655000
Fax : 040-44655024
Email : madhusudhan@karvy.com
mailmanager@karvy.com

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

Declaration: Pursuant to Clause 49(D) of the Listing Agreement with Stock Exchanges, it is hereby declared that all Board members and Senior Management personnel have affirmed compliance with BHEL's Code of "Business Conduct and Ethics" for the financial year 2009-10.

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



B. Prasada Rao

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : 23.07.2010

CEO and CFO Certification

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 Limited for the year ended 31st March, 2010 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 existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 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 the Audit Committee.
 - (i) significant changes in internal control over financial reporting during the year 2009-10;
 - (ii) significant changes in accounting policies during the year 2009-10 and that 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.



(C.S. Verma)

Director (Finance)



(B. Prasada Rao)

Chairman & Managing Director

Place: New Delhi

Date: 26.05.2010

Auditors' Certificate on Corporate Governance

The Members

Bharat Heavy Electricals Ltd.

"BHEL House", Siri Fort,

New Delhi

Sir,

We have examined the compliance of conditions of Corporate Governance by Bharat Heavy Electricals Ltd. for the year ended on March 2010 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the 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, subject to the following:-

Clause 49 I (A) of the Listing Agreement requires that not less than fifty percent of the Board of Directors of the company should comprise of non-executive directors being independent. Due to casual vacancy in the Board either on account of expiry of term of Independent Directors or resignation from the Board, the company could not meet the conditions. Thus the company did not have an optimum combination of executive and non-executive directors being independent on its Board of Directors during the year.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance 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.

For and on behalf of
M.L. Puri & Company
Chartered Accountants
FRN 02312N



(Navin Bansal)

Partner

M. No. 91922

Place : New Delhi

Dated : 23.07.2010

ANNEXURE – 4 TO THE DIRECTORS' REPORT

Conservation of Energy

Energy Management is an important thrust area in BHEL. Energy Cost as a percentage of Gross Turnover, net of excise, for the financial year 2008-09 was 0.99% as against 1.23% in the previous year. BHEL's focus on Energy Management is through following:

- Energy Awareness - Conducting awareness programme at offices, factory, site and township.
- Energy Conservation - Identification of thrust areas for conservation of energy by arresting leakages, use of alternate fuel etc.
- Energy Efficiency - through modification of existing systems, establishment of a system for collection, analysis, and reporting on the organization's energy consumption and costs.
- Use of Renewable energy resources.

Following main activities were performed during the financial year:

- National Energy Conservation Week is celebrated every year in India. Across the company, the week (14-21 December, 2009) was celebrated and various activities for awareness generation on Energy Conservation were organized.
- The Meet of Nodal Officers on Energy Management was held on 21st December 2009 at Corporate Office. Nodal Officers shared the new initiatives taken and the best practices being followed. The group also visited "LED Expo" held at Pragati Maidan, New Delhi to see the LED lighting fitting/ fixtures and exploring LED's usage for lighting applications.
- BHEL presented two case studies; on "Energy Conservation"; and "Boilers etc. – Steam Systems" in one-day seminar on Energy Efficiency for PSEs organized by DHI.

Technology Absorption and Research & Development

Research & Development

- | | | |
|---|---|-------------------|
| 1. Specific areas in which R&D carried out by the Company | } | Given in the |
| | } | Directors' Report |
| 2. Benefits derived as a result of the above R&D | } | under "R&D and |
| | } | Technology" |
| 3. Future plan of action | | |

The following are the major thrust areas for R&D and technology:

- More efficient conventional thermal power plants using supercritical parameters
- More efficient conventional thermal power plants using ultra-supercritical parameters
- Advanced control and instrumentation platform for thermal power plant and industrial application
- Performance Analysis, Diagnostics and Optimization (PADO) systems for thermal as well as hydro power plant application
- Coal research for refinement of understanding Indian coal characteristics
- Integrated Gasification Combined Cycle (IGCC) power plants
- Green technologies for Reduction of emissions such as Underground Coal Gasification, clean development mechanism (CDM) projects etc.
- Pulverisers
- Compressors
- High efficiency boiler feed pumps
- Atmospheric and Circulating Fluidized Bed Combustion (CFBC) boilers
- Large size hydro power plants with higher efficiency and longer life
- HVDC transmission systems, 765 kV, 1200 kV Transmission systems
- Flexible AC Transmission systems, including devices such as Thyristor Controlled Series Compensation, phase shifting transformer, static synchronized compensator (STATCOM), controlled shunt reactor, etc.

- IGBT – based applications in transportation sector
- Gas insulated switchgear
- Industrial steam turbines
- Efficient, reliable and cost effective transportation systems like three-phase AC drive system for diesel electric locos
- Non-conventional energy systems such as solar, wind etc.
- Simulators
- Advanced Fabrication Technologies
- Surface coatings including ceramic applications
- Vibration and noise reduction
- Residual life assessment studies
- Deployment of new technologies for reducing Cycle time and cost
- Specialized engineering software applications
- Knowledge Management
- Intelligent machines & robotics
- Nano-technology applications
- Hydrogen energy and fuel cells

EXPENDITURE ON R&D

Total	Rs. 829.27 crore
a) Recurring	Rs. 791.50 crore
b) Capital	Rs. 37.77 crore
Expenditure as a percentage of total turnover	2.43 %

Technology Absorption and Adoption

Details of technology imported during the last 5 years:

Technology	Year of import	Absorption status
Once through boilers	2005	Technology absorption in progress.
Pumps for higher rating thermal power plants	2007	Technology absorption in progress.
Large size forgings	2010	Technology Transfer to commence by 2 nd Quarter of 2010-11.

Foreign Exchange Earnings and Outgoings

- a) Activities relating to export information are given in the Director's Report under the heading ' International Business'.
- b) Total foreign exchange used and earned :

	2009-10	2008-09
(i) Foreign Exchange Used	7587	6043
(ii) Foreign Exchange Earned	8263	5025

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



B. Prasada Rao

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : July 23, 2010

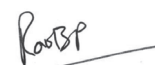
ANNEXURE – 5 TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975, and forming part of the directors' report for the year ended March 31, 2010

S.No.	Employees name	Designation/ Role	Qualification	Age (years)	Experience (years)	Joining date	Gross Remuneration (Rs.)	Previous Employment and Designation
1	P. K. Aggarwal	GM	BE, PGDM, MBA	59	35	13.07.1975	41,60,962.00	N. A.
2	R.C. Mahajan	AGM	B.Sc- Mech. Engg	58	34	18.01.1976	25,28,307.00	N.A.
3	Chaman Lal	DGM	B.Sc- Mech. Engg	57	30	29.10.1979	27,04,098.00	N.A.
4	Venkateshwar K	Fireman Gr. III	ITI	44	14	28.10.1995	31,96,442.00	N.A.

- Note :** 1. Remuneration include basic pay, DA, HRA, Lease Accomodation, PF Contributions, perks and allowances, accrued leave for the year, other benefits including medical reimbursement/expenditure etc.
2. It does not include payment made on retirement like gratuity, leave encashment etc. and payment of wage revision arrears relating to earlier years.

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



B. Prasada Rao

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : July 23, 2010

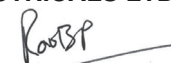
ANNEXURE – 6 TO THE DIRECTORS' REPORT

Statement pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company

	Name of the Subsidiary Company	Bharat Heavy Plate & Vessels Ltd.
1	Financial year of the Subsidiary ended on	31 st March 2010
2	Date from which they became subsidiary	10 th May 2008
3	Share of the Subsidiary held by the Company as on 31st March 2010	
	a) Number & Face Value	337978 Equity Shares of Rs. 10/- each fully paid up
	b) Extent of holding	100%
4	The Net aggregate amount of the subsidiary Company Profit/(Loss) so far as it concerns the member of the holding Company	(Rs. in Crore)
	a) Not dealt within the holding Company's Accounts	
	i) For the Financial Year ended March 31, 2010	(-) 8.60
	ii) Up to the previous financial years of the Subsidiary Company	(-) 44.00
	b) Dealt within the holding Company's accounts	
	i) For the Financial Year Ended March 31, 2010	Nil
	ii) For the Previous financial year of the Subsidiary Company since they became the holding Company's Subsidiary	Nil

Note: BHEL has taken over Bharat Heavy Plate & Vessels Ltd. as a 100% subsidiary w.e.f. 10.05.2008 as set out in GoI, Ministry of Heavy Industries, Deptt. of Heavy Industry letter no. F. No. 1(II) / 2004-PE (IV) dated 7th May, 2008. Accordingly disclosures have been made from 10.05.2008 onwards.

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



B. Prasada Rao

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated: July 23, 2010

ANNEXURE – 7 TO THE DIRECTORS' REPORT

AUDITORS' REPORT

TO THE MEMBERS OF BHARAT HEAVY ELECTRICALS LIMITED

We have audited the attached Balance Sheet of Bharat Heavy Electricals Limited as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

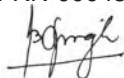
In accordance with the provisions of section 227 of the Companies Act, 1956, we report that:

- I. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956 and 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - (c) The Branch Auditor's Reports have been furnished to us and have been appropriately dealt with while preparing our report.
 - (d) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns received from the branches.
 - (e) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub Section (3C) of Section 211 of the Companies Act, 1956.
 - (f) In terms of Notification No. GSR 829 (E) dated 21.10.2003 issued by the Department of Company Affairs, Government of India, the provisions of Section 274 (1) (g) of the Companies Act, 1956 are not applicable to the Company.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Explanatory Notes in Schedule-19, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
 - (ii) In case of Profit & Loss Account of the profit for the year ended on that date; and
 - (iii) In the case of Cash Flow Statements of the cash flows for the year ended on that date.

For Gandhi Minocha & Co.

Chartered Accountants

FRN 000458N



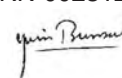
(Bhupinder Singh)

M.No. 092867

For M.L. Puri & Co.

Chartered Accountants

FRN 002312N



(Navin Bansal)

M.No. 091922

Date: May 26, 2010

Place: New Delhi

Annexure to the Auditors' Report

(Referred to in Para I of our report of even date)

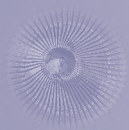
- i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) We are informed that management has generally carried out the physical verification of a portion of the fixed assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification to the extent verification was made during the year. In respect of 65 locomotives given to Indian Railways on lease instead of physical verification, a certificate confirming physical possession of these locomotives has been obtained from Indian Railways as per the lease agreement.
- (c) The company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii) (a) As explained to us physical verification of inventory has been conducted by the management under Perpetual Inventory Programme at regular intervals during the year except for stock of work in progress and finished goods in few units where these are verified at the year end with reference to the inspection reports and production reports of the Production Planning Department of such units. In regard to stocks lying with contractors/fabricators and other parties, confirmations were received in a few cases only. In our opinion the frequency of verification is reasonable.
- (b) In our opinion procedures of physical verification of inventory, followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company has generally maintained proper records of inventory and the discrepancies noticed on physical verification of inventory with regard to the size and nature of operations of the company were not material and have been properly dealt with in the books of account of the Company.
- iii) (a) According to the information given to us, the company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- (b) According to the information given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f) and (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- iv) In our opinion and according to the information and explanation given to us, there exist an adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. Further on the basis of our examination of the books and records of the company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control systems.
- v) According to the information and explanation given to us, we are of the opinion that there are no contracts and arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that Section. Accordingly, clause (v) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the current year.
- vi) According to the information and explanation given to us, the company has not accepted any deposits from public during the year within the meaning of sections 58 A and 58 AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules 1975 framed there under.
- vii) In our opinion, the Internal Audit System of the Company is generally commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of accounts and records maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 209 (I) (d)

of the Companies Act, 1956 in respect of manufacture of Electric Motors, Seamless Steel Tubes, Electric Generator, Power Transformers, Power-driven Pumps, Power Generation through wind mills, control instrumentation and automation equipment and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

- ix) (a) According to the information and explanation given to us, in our opinion, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and any other material statutory dues as applicable with appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other statutory dues outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, the particulars of Sales Tax, Income Tax, Excise Duty, Service Tax, Custom Duty and Cess which have not been deposited on account of dispute are as under:

Sl. No.	Name of the Statute	Nature of the Dues	Amount (Rs. in Crore)	Forum where dispute is pending
1.	Central Sales Tax Act, Work Contract Tax Act, Lease Tax, Entry Tax Act and Sales Tax Act of various States	Sales Tax, Entry Tax & Work Contract Tax	86.63	Dy. Commissioner / Jt. Commissioner / Commissioner Appeals
			144.69	Appellate Tribunal
			45.44	High Court
			0.04	Supreme Court
2	Income Tax Act, 1961	Income Tax	0.01	Commissioner (Appeals)
			26.5	Appellate Tribunal
			2.23	High Court
3	Central Excise Act, 1944	Excise Duty	29.50	Commissioner (Appeals)
			142.10	Appellate Tribunal
			18.86	Supreme Court
4	Service Tax under the Finance Act, 1994	Service Tax	0.08	Assessing Officer
			2.63	Commissioner (Appeals)
			102.8	Appellate Tribunal
5	Custom Act, 1962	Custom Duty	0.15	Commissioner (Appeals)
Total			601.66	

- x) The company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to Chit fund / Nidhi / Mutual benefit fund/Societies are not applicable to the company.



- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) As per information and explanations given to us, the company has not obtained any term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) In our opinion, the company has not issued any debentures during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) 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, we have neither come across any instance of fraud on or by the company noticed or reported during the year

For Gandhi Minocha & Co.

Chartered Accountants

FRN 00458N

(Bhupinder Singh)

M.No. 092867

For M.L. Puri & Co.

Chartered Accountants

FRN 02312N

(Navin Bansal)

M.No. 091922

Date: 26th May, 2010

Place: New Delhi



सत्यमेव जयते

गोपनीय

स./No. आ.ले.प.दल./भेल/ अकाउंट्स/21-11/2009-10/8

कार्यालय

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III,

नई दिल्ली

OFFICE OF THE
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-III,
NEW DELHI

दिनांक/Dated : 16.07.2010

सेवा में,

अध्यक्ष एवं प्रबंध निदेशक
भारत हैवी इलेक्ट्रिकल्स लिमिटेड,
नई दिल्ली।

विषय: कंपनी अधिनियम की धारा 619(4) के अधीन भारत हैवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली के वर्ष 2009-10 के लेखाओं पर भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियां।

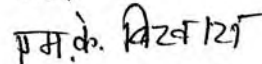
महोदय,

मैं भारत हैवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली, के वर्ष 2009-10 की समाप्ति हेतु कंपनी अधिनियम 1956 की धारा 619(4) के अधीन लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियों अंग्रेषित करता हूँ।

2. कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्न: यथोपरि।

भवदीय,



(एम के बिश्वास)
प्रधान निदेशक

छठा एवं सातवें तल, सी.ए.जी. बिल्डिंग (एनेक्सी), 10, बहादुरशाह ज़फर मार्ग, नई दिल्ली - 110002
6th & 7th floor, C.A.G. Building (Annexe), 10, Bahadurshah Zafar Marg, New Delhi - 110 002
Ph. 23239227; Fax: 23239211 e-mail: mabnewdelhi3@cag.gov.in

Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the Accounts of Bharat Heavy Electricals Limited, New Delhi for the year ended 31st March, 2010

The preparation of financial statements of Bharat Heavy Electricals Limited, New Delhi for the year ended 31st March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The statutory auditors are appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 26th May 2010.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statement of Bharat Heavy Electricals Limited, New Delhi for the year ended 31st March, 2010. The 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplementary to Statutory Auditors report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India



(M.K. Biswas)
Principal Director of Commercial
Audit & Ex-officio Member Audit Board –III,
New Delhi

Place: New Delhi
Dated: 16th July, 2010



Annual Accounts 97

261457 · 60+
953210 · 84+
3567810 · 60+
357951 · 50+
8520 · 40+

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Significant Accounting Policies

1. Basis of preparation of Financial Statements

The financial statements have been prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

2. Fixed Assets

Fixed assets (other than land acquired free from State Government) are carried at the cost of acquisition or construction or book value less accumulated depreciation.

Cost includes value of internal transfers for capital works, taken at actual / estimated factory cost or market price, whichever is lower. Effect of extraordinary events such as devaluation / revaluation in respect of long term liabilities / loans utilised for acquisition of fixed assets is added to / reduced from the cost.

Land acquired free of cost from the State Government is valued at Re.1/- except for that acquired after 16th July 1969, in which case the same is valued at the acquisition price of the State Government concerned, by corresponding credit to capital reserve.

3. Leases

FINANCE LEASE

A) i) Assets Given on Lease Prior to 1st April 2001

Assets manufactured and given on finance lease are capitalised at the normal sale price/fair value/contracted price and treated as sales.

Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on 'Depreciation'. Against lease rentals, matching charge is made through Lease Equalisation Account.

Finance income is recognised over the lease period.

(ii) Assets Given on Lease on or after 1st April 2001

Assets manufactured and given on finance lease are recognised as sales at normal sale price / fair value / NPV.

Finance income is recognised over the lease period.

Initial direct costs are expensed at the commencement of lease.

B) Assets Taken on Lease on or after 1st April 2001

Assets taken on lease are capitalised at fair value / NPV / contracted price.

Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on 'Depreciation'. If the lease assets are returnable to the lessor on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter.

Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

OPERATING LEASE

Assets Given on Lease:

Assets manufactured and given on operating lease are capitalised. Lease income arising therefrom is recognised as income over the lease period.

Assets Taken on Lease:

Lease payments made for assets taken on operating lease are recognised as expense over the lease period.

4. Intangible Assets

A. Intangible assets are capitalised at cost if

- it is probable that the future economic benefits that are attributable to the asset will flow to the company, and
- the company will have control over the assets, and
- the cost of these assets can be measured reliably and is more than Rs.10,000/-

Intangible assets are amortised over their estimated useful lives not exceeding three years in case of software and not exceeding ten years in case of others on a straight line pro-rata monthly basis.

- Expenditure on research including the expenditure during the research phase of Research & Development Projects is

charged to profit and loss account in the year of incurrence.

- b. Expenditure incurred on Development including the expenditure during the development phase of Research & Development Project meeting the criteria as per Accounting Standard on Intangible Assets, is treated as intangible asset.
- c. Fixed assets acquired for purposes of research and development are capitalised.

5 Borrowing Costs

Borrowing costs that are attributable to the manufacture, acquisition or construction of qualifying assets, are included as part of the cost of such assets.

A qualifying asset is one that necessarily takes more than twelve months to get ready for intended use or sale.

Other borrowing costs are recognised as expense in the period in which they are incurred.

6 Depreciation

- (i) Depreciation on fixed assets (other than those used abroad under contract) is charged upto the total cost of the assets on straight-line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956, except where depreciation is charged at rates determined on the basis of the technically assessed estimated useful lives shown hereunder:-

	Single Shift	Double Shift	Triple Shift
General Plant & Machinery	8%	12%	16%
Automatic/Semi-Automatic Machines	10%	15%	20%
Erection Equipment,			
Capital Tools & Tackles	20%		
Township Buildings			
– Second Class	2.5%		
– Third Class	3.5%		
Railway Sidings	8%		
Locomotives & Wagons	8%		
Electrical Installations	8%		
Office & Other Equipments	8%		
Drainage, Sewerage &			
Water supply	3.34%		
Electronic Data			
Processing Equipment	20%		

In respect of additions to/deductions from the fixed assets, depreciation is charged on pro-rata monthly basis.

- (ii) Fixed assets used outside India pursuant to long term contracts are depreciated over the duration of the initial contract.
- (iii) Fixed assets costing Rs.10,000/- or less and those whose written down value as at the beginning of the year is Rs.10,000/- or less, are depreciated fully. In so far as township buildings are concerned, the cost per tenement is the basis for the limit of Rs.10,000/-.
- (iv) At erection/project sites: The cost of roads, bridges and culverts is fully amortized over the tenure of the contract, while sheds, railway sidings, electrical installations and other similar enabling works (other than purely temporary erections, wooden structures) are so depreciated after retaining 10% as residual value.
- (v) Purely Temporary Erection such as wooden structures are fully depreciated in the year of construction.
- (vi) Leasehold Land and Buildings are amortised over the period of lease. Buildings constructed on land taken on lease are depreciated over their useful life or the lease period, whichever is earlier.

7 Investments

- (i) Long-term investments are carried at cost. Decline, other than temporary, in the value of such investments, is recognised and provided for.
- (ii) Current investments are carried at cost or quoted/fair value whichever is lower. Unquoted current investments are carried at cost.
- (iii) The cost of investment includes acquisition charges such as brokerage, fees and duties.

Any reduction in the carrying amount & any reversals of such reductions are charged or credited to the Profit & Loss Account.

8 Inventory Valuation

- (i) Inventory is valued at actual/estimated cost or net realisable value, whichever is lower.

- (ii) Finished goods in Plant and work-in-progress involving Hydro and Thermal sets including gas based power plants, boilers, boiler auxiliaries, compressors and industrial turbo sets are valued at actual/estimated factory cost or at 97.5% of the realisable value, whichever is lower.
- (iii) In respect of valuation of finished goods in plant and work-in-progress, cost means factory cost; actual/estimated factory cost includes excise duty payable on manufactured goods.
- (iv) In respect of raw material, components, loose tools, stores and spares cost means weighted average cost.
- (v) a) For Construction contracts entered into on or after 01.04.2003:
Where current estimates of cost and selling price of a contract indicates loss, the anticipated loss in respect of such contract is recognised immediately irrespective of whether or not work has commenced.
- b) For all other contracts:
Where current estimates of cost and selling price of an individually identified project forming part of a contract indicates loss, the anticipated loss in respect of such project on which the work had commenced, is recognised.
- c) In arriving at the anticipated loss, total income including incentives on exports/deemed exports is taken into consideration
- (vi) The components and other materials purchased / manufactured against production orders but declared surplus are charged off to revenue retaining residual value based on technical estimates.

9 Revenue Recognition

Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer. Sales include goods dispatched to customers by partial shipment.

- A. For construction contracts entered into on or after 1.4.2003
Revenue is recognized on percentage completion method based on the

percentage of actual cost incurred upto the reporting date to the total estimated cost of the contract.

B. For all other contracts

- (i) Recognition of sales revenue in respect of long production cycle items (Hydro and Thermal sets including gas-based power plants, boilers, boiler auxiliaries, compressors and industrial turbo sets) is made on technical estimates. When the aggregate value of shipments represents 30% or more of the realizable value, they are considered at 97.5% of the realizable value or in its absence, quoted price. Otherwise, they are considered at actual/estimated factory cost or 97.5% of the realizable value, whichever is lower. The balance 2.5% is recognized as revenue on completion of supplies under the contract.
- (ii) Income from erection and project management services is recognized on work done based on: Percentage of completion; or
The intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognized as income when the contract is completed
- (iii) Income from engineering services rendered is recognized at realizable value based on percentage of work completed.
- (iv) Income from supply/erection of non-BHEL equipment/systems and civil works is recognized based on dispatches to customer/work done at project site.

10 Accounting for Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

11 Translation of Financial

Statements of Integral Foreign Operations

- (i) Items of income and expenditure are translated at average rate except depreciation, which is converted at the rates adopted for the corresponding fixed assets.
- (ii) Monetary items are translated at the closing rate; non-monetary items carried at historical cost are translated at the rates in force on the date of the transaction; non-monetary items carried at fair value are translated at exchange rates that existed when the value were determined.
- (iii) All translation variances are taken to Profit & Loss Account.

12 Employee Benefits

Earned leave, half pay leave, Provident Fund and Employees' Family Pension Scheme contributions are accounted for on accrual basis. Liability for gratuity, travel claims on retirement and post retirement medical benefits are accounted for in accordance with actuarial valuation. The actuarial liability is determined with reference to employees at the beginning of each calendar year. Compensation under Voluntary Retirement Scheme is charged off in the year of incurrence on a pro-rata monthly basis.

13 Claims by/against the Company

- (i) Claims for liquidated damages against the Company are recognised in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.
- (ii) Claims for export incentives / duty drawbacks / duty refunds and insurance claims etc. are taken into account on accrual.
- (iii) Amounts due in respect of price escalation

claims and/or variations in contract work are recognised as revenue only when there are conditions in the contracts for such claims or variations and/or evidence of the acceptability of the same from customers. However, escalation is restricted to intrinsic value.

14 Provision for Warranties

i) For construction contracts entered into on or after 01.04.2003:

Provision for contractual obligations is maintained at 2.5% of the contract value on completion of trial operation.

ii) For all other contracts: Provision for contractual obligations in respect of contracts under warranty at the year end is maintained at 2.5% of the value of contract. In the case of contracts for supply of more than a single product 2.5% of the value of each completed product is provided.

- (iii) Warranty claims/ expenses on rectification work are accounted for against natural heads as and when incurred and charged to provisions in the year end.

15 Government Grants

Government Grants are accounted when there is reasonable certainty of their realisation.

Grants related to fixed depreciable assets are adjusted against the gross cost of the relevant assets while those related to non-depreciable assets are credited to capital reserve. Grants related to revenue, unless received as compensation for expenses/losses, are recognised as revenue over the period to which these are related on the principle of matching costs to revenue.

Grants in the form of non-monetary assets are accounted for at the acquisition cost, or at nominal value if received free.

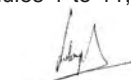
Balance Sheet

as at March 31, 2010

(Rs. in Crore)

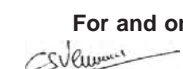
Schedule		AS AT 31.03.2010		AS AT 31.03.2009	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	489.52		489.52	
Reserves & Surplus	2	15427.84	15917.36	12449.29	12938.81
Loan Funds					
Secured Loans	3	0.00		0.00	
Unsecured Loans	4	127.75	127.75	149.37	149.37
			16045.11		13088.18
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	6580.14		5224.87	
Less: Depreciation/Amortisation to-date		4150.52		3713.25	
		2429.62		1511.62	
Less : Lease Adjustment Account		14.22		41.22	
Net Block		2415.40		1470.40	
Capital Work-in-Progress	6	1529.55	3944.95	1156.97	2627.37
Investments	7		79.84		52.34
Deferred Tax Assets Net (Refer note no. 23 of Schedule 19)			1527.23		1840.30
Current Assets, Loans and Advances					
Current Assets	8				
Inventories		9235.46		7837.02	
Sundry Debtors		20688.75		15975.50	
Cash & Bank Balances		9790.08		10314.67	
Other current assets		406.85		350.21	
Loans and advances	9	2813.67		2423.67	
		42934.81		36901.07	
Less:					
Current Liabilities & Provisions					
Current Liabilities	10	28023.74		23357.32	
Provisions	11	4417.98		4975.58	
		32441.72		28332.90	
Net current assets			10493.09		8568.17
			16045.11		13088.18
Notes to Accounts	19				

Schedules 1 to 11, 19 & Significant accounting policies form an integral part of the Balance Sheet.




(I. P. Singh)
Secretary

For and on behalf of Board of Directors



(C. S. Verma)
Director (Finance)



(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached
For M.L. Puri & Company
Chartered Accountants
FRN-002312N



(Navin Bansal)
Partner
M. No. 091922

For Gandhi Minocha & Co.
Chartered Accountants
FRN-000458N



(Bhupinder Singh)
Partner
M. No. 092867

Place : New Delhi
Date : May 26, 2010

Profit & Loss Account for the year ended 31st March, 2010


(Rs. in Crore)


Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
EARNINGS		
Turnover (Gross) 12	34153.76	28033.19
Less: Excise duty & Service Tax	1292.32	1820.86
Turnover (Net)	32861.44	26212.33
Other income 12A	1648.29	1497.36
Accretion/Decretion to Work-in-progress & Finished Goods 13	786.65	1151.54
	35296.38	28861.23
OUTGOINGS		
Consumption of Material, Erection and Engineering Expenses 14	20672.32	17620.05
Employees' remuneration & benefits 15	6449.17	2983.68
Other expenses of Manufacture, Administration, Selling and Distribution 16	2155.02	1835.77
Provisions (net) 17	-934.15	1280.97
Interest & other borrowing costs 18	33.50	30.71
Depreciation and amortisation 5	458.01	334.27
Less: Cost of jobs done for internal use	120.87	61.18
	28713.00	24024.27
Profit before prior period items	6583.38	4836.96
Add/(Less): Prior period items (Net) 18A	7.27	11.89
Profit before tax	6590.65	4848.85
Less: Provision for taxation		
For Current Year		
- Current Tax	2006.14	2250.17
(incl. wealth tax Rs. 0.14 crore (Previous year Rs. 0.17 crore))		
- Fringe Benefit Tax	-	40.00
- Deferred Tax	313.07	-502.37
	2319.21	1787.80
For earlier years		
- Tax (incl. Income Tax abroad Rs. 26.77 crore (prev. year Rs. 8.48 crore))	-34.58	-77.72
- Fringe Benefit Tax	-4.62	0.56
	2280.01	1710.64
Profit after tax	4310.64	3138.21
Add: Balance of profit brought forward from last year	595.46	429.69
Foreign Project Reserves written back	1.38	1.17
Profit available for appropriation	4907.48	3569.07
Less: Appropriation-		
- General Reserve	3000.00	2000.00
- Dividend (incl interim dividend of Rs. 538.47 crore, previous year Rs.440.57 crore)	1140.58	832.18
- Corporate Dividend tax (incl Rs. 91.51 crore on interim dividend, previous year Rs.74.87 crore)	191.51	141.43
	4332.09	2973.61
Balance carried to Balance Sheet	575.39	595.46
Basic and Diluted Earning per share (in Rs.)	88.06	64.11
(Refer note no. 22 of Schedule 19)		

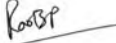
Notes to Accounts

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Schedules 5, 12 to 19 & Significant accounting policies form an integral part of the Profit & Loss Account.


(I. P. Singh)
Secretary

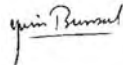
For and on behalf of Board of Directors

(C. S. Verma)
Director (Finance)


(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached
For M.L. Puri & Company
Chartered Accountants
FRN-002312N

For Gandhi Minocha & Co.
Chartered Accountants
FRN-000458N

Place : New Delhi
Date : May 26, 2010



(Navin Bansal)
Partner
M. No. 091922


(Bhupinder Singh)
Partner
M. No. 092867


Cash Flow Statement for the year ended March 31, 2010

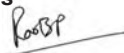
(Rs. in Crore)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit and Loss Account	6590.65	4848.85
Adjustment for		
Depreciation/Amortisation	458.21	334.34
Lease Equalisation	-27.00	-17.91
Profit on sale of Fixed assets	-0.30	-8.36
Interest paid	33.58	30.71
Interest/Dividend Income	-823.86	-788.08
Operating Profit before Working Capital changes	6231.29	4399.55
Adjustment for		
Trade & Other Receivables	-5208.88	-4911.04
Inventories	-1398.44	-2100.62
Trade Payable & Advances	3864.54	8210.22
Cash generated from operations	3488.51	5598.11
Direct Taxes Paid	-1903.45	-2306.89
NET CASH INFLOW FROM OPERATING ACTIVITIES	1585.06	3291.22
B. CASH FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-1722.25	-1355.57
Sale and Disposal of Fixed Assets	8.54	31.94
Purchase of Investments	-27.50	-44.05
Interest & Dividend Receipts	774.57	854.86
NET CASH USED IN INVESTING ACTIVITIES	966.64	512.82
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	-21.47	52.57
Dividend Paid (including tax on dividend)	-1087.85	-872.99
Interest paid	-33.69	-29.33
NET CASH USED IN FINANCING ACTIVITIES	1143.01	849.75
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	-524.59	1928.65
Opening Balance of Cash and Cash Equivalents	10314.67	8386.02
Closing Balance of Cash and Cash Equivalents	9790.08	10314.67


(I. P. Singh)
 Secretary

For and on behalf of Board of Directors


(C. S. Verma)
 Director (Finance)


(B. Prasada Rao)
 Chairman and Managing Director

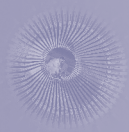
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(Navin Bansal)
 Partner
 M. No. 091922


(Bhupinder Singh)
 Partner
 M. No. 092867

 Place : New Delhi
 Date : May 26, 2010



Schedule-1 Share Capital

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Authorised		
200,00,00,000 (Previous Year 200,00,00,000) equity shares of Rs. 10/- each	<u>2000.00</u>	<u>2000.00</u>
Issued, Subscribed & Paid -up Capital		
48,95,20,000 fully paid (Previous Year 48,95,20,000) Equity shares of Rs. 10/- each of which 7,41,11,200 Shares (Previous Year 7,41,11,200) allotted for consideration other than cash and 24,47,60,000 shares (previous year 24,47,60,000 shares) allotted as bonus shares	<u>489.52</u>	<u>489.52</u>
	<u>489.52</u>	<u>489.52</u>

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Schedule-2 Reserves & Surplus

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Capital Reserve		
Opening Balance	2.74	2.74
Less: Deductions/ Adj	<u>-</u> 2.74	<u>-</u> 2.74
Foreign Project Reserve		
Opening Balance	1.38	2.55
Less: Deductions/ Adj	<u>1.38</u>	<u>1.17</u> 1.38
General Reserve		
Opening Balance	11849.71	9849.71
Add: Transferred from Profit & Loss Account	<u>3000.00</u> 14849.71	<u>2000.00</u> 11849.71
Profit & Loss Account	<u>575.39</u>	<u>595.46</u>
	<u>15427.84</u>	<u>12449.29</u>

Schedule-3 Secured Loans

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Debentures/Bonds	0.00	0.00
From Financial Institutions	0.00	0.00
Packing credit & others	0.00	0.00
	0.00	0.00

Schedule-4 Unsecured Loans

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
-Credits for Assets taken on lease (due within one year Rs. 47.42 Crore (Previous year Rs. 43.99 Crore)	122.16	143.63
Interest accrued and due on :		
– State Government Loans	2.33	2.33
– Credits for Assets taken on lease	3.26	3.41
	127.75	149.37

Schedule-5

Fixed Assets

(Rs. in Crore)

Particulars	Gross Block			Cost As at 31.03.2010	Depreciation		Net Block		Depreciation/Amortisation for the year
	Cost as at 31.03.2009	Additions/ adjustments during the year	Deductions/ adjustments during the year		Lease adjustment Account	Depreciation/ Amortisation upto 31.03.2010	As at 31.03.2010	As at 31.03.2009	
Factory/Office Complex									
Freehold land (incl. development exp.)	4.37			4.37			4.37	4.37	
Leasehold land (incl. development exp.)	6.20		0.05	6.15		0.41	5.74	5.75	0.01
Roads, bridges and culverts	8.40	4.42		12.82		3.23	9.59	5.38	0.20
Buildings	480.92	398.39	15.82	863.49		301.20	562.29	233.81	64.28
Leasehold buildings	3.12			3.12		1.23	1.89	1.94	0.05
Drainage, sewerage and water supply	13.59	4.65	0.03	18.21		10.20	8.01	3.78	0.42
Railway siding	8.67			8.67		7.74	0.93	1.03	0.10
Locomotives and wagons	27.45	0.15		27.60		16.83	10.77	11.84	1.22
Plant & Machinery	2834.18	720.48	2.10	3552.56		2375.17	1177.39	659.91	202.94
Electronic data processing equipments	115.34	2.82	-2.47	120.63		111.63	9.00	12.26	4.81
Electrical installations	116.12	27.35	0.30	143.17		77.33	65.84	43.76	5.35
Construction Equipment	375.48	157.27	3.24	529.51		269.15	260.36	165.44	61.74
Vehicles	18.55	0.42	0.32	18.65		15.88	2.77	2.82	0.47
Furniture & fixtures	19.49	5.18	0.14	24.53		7.83	16.70	12.89	1.33
Office & other equipments	80.70	8.11	0.67	88.14		60.08	28.06	24.43	4.04
Fixed assets costing upto Rs.10000/-	63.66	7.86	0.48	71.04		71.04			7.94
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	-14.22	478.40	4.53	9.68	32.21
P&M taken on lease									
EDP Equipment taken on lease	217.80	17.49	8.22	227.07		121.95	105.12	131.48	43.57
Office & other equipment taken on lease	1.49			1.49		0.66	0.83	1.05	0.21
Intangible Assets									
-Internally developed									
Software									
Patents & Trade Marks									
Technical Know How									
Others	4.98	5.54	0.02	10.50		3.33	7.17	3.32	1.68
-Others									
Software	89.01	17.62	0.08	106.55		83.07	23.48	23.94	18.07
Patents & Trade Marks									
Technical Know-how	22.86	0.14		23.00		10.76	12.24	14.20	2.10
Others	8.80			8.80		8.76	0.04	0.31	0.27
	5018.77	1377.89	29.00	6367.66	-14.22	4036.32	2317.12	1373.39	453.01
Township/ Residential									
Freehold land (incl. development exp.)	2.09			2.09			2.09	2.09	
Leasehold land (incl. development exp.)	1.99			1.99		0.54	1.45	1.57	0.02
Roads, bridges and culverts	5.10			5.10		2.88	2.22	2.30	0.09
Buildings	129.98	0.65		130.63		59.03	71.60	73.22	2.28
Leasehold buildings	0.33			0.33		0.24	0.09	0.26	0.01
Drainage, sewerage and water supply	16.79	0.34		17.13		13.37	3.76	3.83	0.41
Plant and Machinery	11.48	4.72	0.06	16.14		9.16	6.98	2.86	0.60
Electronic Data Processing Equipment		0.01		0.01			0.01		
Electrical installations	16.84	0.09		16.93		13.72	3.21	3.52	0.39
Vehicles	1.07	0.03	0.02	1.08		0.99	0.09	0.08	0.02
Furniture & fixtures	0.63	0.07	0.03	0.67		0.16	0.51	0.49	0.05
Office & other equipments	17.66	0.53	0.06	18.13		11.86	6.27	6.79	1.00
Fixed assets costing upto Rs. 10000/-	2.14	0.13	0.02	2.25		2.25			0.13
	206.10	6.57	0.19	212.48		114.20	98.28	97.01	5.00
Total of factory & township	5224.87	1384.46	29.19	6580.14	-14.22	4150.52	2415.40	1470.40	458.01
Previous year	4443.47	829.15	47.75	5224.87	-41.22	3713.25	1470.40	981.26	334.27
@The details of R&D capital items included in above for current year 2009-10									
Plant & Machinery & other Equipments	228.29	23.34	0.44	251.19		180.81	70.38		17.18
Land & Building	19.83	0.45		20.28		10.71	9.57		0.49

Gross Block as at 31.03.2010 includes assets condemned and retired from active use Rs.38.75 Crore (Previous year Rs. 30 Crore)

Net Block as at 31.03.2010 includes assets condemned and retired from active use Rs. 0.13 Crore (Previous year Rs. 0.16 Crore)

Gross Block excludes cost of assets purchased out of grant received from Govt of India for research as executing agency since the property does not vest with the Company.

2009-10	2008-09
30.81	30.81

The Unit's contribution or expenditure towards construction, development of assets not owned by the Unit is capitalised under the general head 'Capital Expenditure' and written off to revenue in five years.

There is no impairment loss in fixed assets during the year

Schedule-6

Capital work-in-progress (at cost)

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Construction work-in-progress-Civil	237.18	359.34
Construction Stores (including in transit)	14.30	11.88
Plant & Machinery and other equipments		
-Under Erection/Fabrication/awaiting erection	870.91	507.52
-In transit	400.95	276.70
Intangible Assets under development	6.21	1.53
	1529.55	1156.97

Schedule-7

Investments

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
LONG TERM		
Shares :		
UNQUOTED (Fully Paid up)		
TRADE :		
360 (previous year 360) Equity shares of Rs. 38.95 each of Engineering Projects (India) Ltd.	*	*
728960 (previous year 728960) Equity shares of Rs. 10/- each of AP Gas Power Corporation Ltd.	0.91	0.91
5000000 (Previous year 5000000) Equity shares of Rs.10/- each of Neelachal Ispat Nigam Ltd.(Refer Note No. 6 of Schedule-19)	5.00	5.00
	5.91	5.91
Shares in Subsidiary Company		
—337976 (previous year 337976) Equity Shares of Rs. 1000/- each of Bharat Heavy Plate & Vessels Ltd. acquired at a nominal value of Re. 1/-	*	-
Shares in Joint Ventures Companies		
—1999999 (previous year 1999999) Equity Shares of Rs. 10/- each of Powerplant Performance Improvement Ltd.	2.00	2.00
Less: Provision for dimunition in value	2.00	2.00
	0.00	0.00
—25000000 (previous year 50000) Equity Shares of Rs. 10/- each of NTPC-BHEL Power Projects Pvt. Ltd.	25.00	0.05
—50000 (previous year 50000) Equity Shares of Rs. 10/- each of Barak Power Pvt. Ltd.	0.05	0.05
—5000000 (previous year 5000000) Equity Shares of Rs. 10/- each of Udangudi Power Corporation Ltd.	5.00	5.00
—5000000 (previous year Nil) Equity Shares of Rs. 10/- each of Raichur Power Corporation Ltd.	5.00	-
—2379999 (previous year 2379999) Equity Shares of Rs. 10/- each of BHEL-GE Gas Turbine Services Pvt. Ltd.	2.38	2.38
	37.43	7.48
Advances deposit towards issue of Shares		
To Subsidiary Company (BHPV)	34.00	34.00
To NTPC-BHEL Power Projects Pvt. Ltd. (JV)	0.00	4.95
To Dada Dhuniwale Khandwa Power Ltd. (JV)	2.50	0.00
	36.50	38.95
OTHER THAN TRADE:		
3 (Previous year 3) shares of Rs.100/- each of BHEL House Building Cooperative Society Ltd., Hyderabad	*	*
	79.84	52.34
Aggregate value of Unquoted Investments	79.84	52.34

* Value of less than Rs 1 lakh/-

Schedule-8

Current Assets

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Inventories @		
(As certified by the management)		
Stores & Spare parts		
- Production	141.21	140.11
- Fuel stores	11.90	7.77
- Miscellaneous	28.09	17.69
	181.20	165.57
Raw Material & Components	2893.67	2608.71
Material-in-transit	966.19	629.22
Materials with Fabricators/Contractors	144.11	168.84
Loose Tools	25.17	22.79
Scrap (at estimated realisable value)	40.20	37.55
Finished Goods	599.53	519.00
Inter-division transfers in transit	121.11	124.60
Includes:		
- Rs. 3.74 Crore (previous year Rs. 30.56 Crore)		
Finished Goods in transit.	720.64	643.60
Work-in-progress (including items with sub-contractors)	4321.40	3612.59
	9292.58	7888.87
Less : Provision for non-moving stock	57.12	51.85
	9235.46	7837.02
@ Valued as per Significant Accounting Policy No. 8		
Sundry Debtors*		
- Debts outstanding for a period exceeding six months	11340.46	8048.54
- Other debts	10850.46	9104.31
	22190.92	17152.85
Less : Provision for Doubtful debts	1398.97	1099.03
Less : Automatic Price Reduction Adjustment a/c	103.20	78.32
	20688.75	15975.50
*Includes deferred debts- Rs. 7748.97 Crore		
- (Previous year Rs. 5571.84 Crore)		
*Includes goods despatched pending billing-Rs. 1051.16 Crore		
- (previous year Rs. 1011.16 Crore)		
Particulars of Sundry debtors :		
Debts considered good for which the Company holds no security other than the debtors' personal security	20688.75	15975.50
Debts considered doubtful and provided for	1502.17	1177.35
	22190.92	17152.85

Schedule-8 (Contd.)

Current Assets

(Rs. in Crore)

		AS AT 31.03.2010	AS AT 31.03.2009
Cash and Bank Balances			
Cash & Stamps in hand		1.30	0.97
Cheques, Demand Drafts in hand		226.88	386.42
Remittances in transit		35.83	0.02
Balances with Scheduled Banks			
Current Account		595.31	1534.08
Deposit Account		8925.00	8364.16
Balance with non-scheduled Banks			
	Maximum Balance during the year (Rs. in Crore)		
Current Account	2009-10	2008-09	
- Standard Chartered Bank, Libya	0.23	0.22	0.02
- Bank Muscat, Oman	50.27	356.19	-0.03
- Barclays Bank Ltd., Zambia	0.02	0.01	0.01
- Bank of Commerce, Malaysia	0.05	0.31	0.05
- CIMB Berhad	0.02	0.32	0.02
- Indo Jambia Bank, Lusaka	0.16	1.18	0.00
- Commercial Bank of Ethiopia	3.81	3.38	3.42
- Bank of Bhutan, Bhutan	0.01	0.04	0.00
- Jamahouria Bank, Libya	3.94	4.34	0.53
- National Bank of Egypt	0.13	0.13	0.12
- Standard Chartered Bank, Bangladesh	1.40	72.69	0.29
- Bank of Khartoum, Sudan	10.82	15.47	1.33
- Standard Chartered bank, Dubai	0.05	0.22	0.00
		9790.08	10314.67
Other Current Assets			
Interest Accrued on Banks Deposits and investments		406.85	350.21
		406.85	350.21
Summary of Current Assets			
Inventories		9235.46	7837.02
Sundry Debtors		20688.75	15975.50
Cash & Bank Balances		9790.08	10314.67
Other Current Assets		406.85	350.21
		40121.14	34477.40

Schedule-9

Loans and Advances

(Rs. in Crore)

	AS AT 31.03.2010		AS AT 31.03.2009	
Loans				
Loans to Subsidiaries Companies	217.54		181.89	
Loans to Employees	0.06		0.13	
Materials Issued on loan	4.56		7.75	
Loans to others	0.04		0.07	
Interest accrued and or due on loans [includes Rs. Nil subsidiary company (Previous year Rs. 5.58 crore)]	4.75	226.95	12.10	201.94
Advances (Recoverable in cash or in kind or for value to be received)				
To employees	24.69		27.24	
For purchases	1148.02		595.82	
To Others	896.42		956.91	
For capital expenditure	20.50	2089.63	55.29	1635.26
Deposits				
Balance with customs, Port Trust and other Govt. Authorities [(includes Rs. 0.03 crore (prev year Rs. 0.03 crore) by pledge of Post office pass book with Central Excise Authorities]	228.73		191.40	
Others	73.23	301.96	131.14	322.54
Advance Tax/ TDS (Net of Provision for Income Tax Rs. 4252.63 crore) (Previous year Rs. 5594.26 crore)		231.85		295.34
		2850.39		2455.08
Less: Provision for doubtful loans & advances		36.72		31.41
		2813.67		2423.67
Particulars of Loans & Advances :				
Loans & Advances considered good in respect of which the Company is fully secured		5.61		80.27
Loans & Advances considered good for which the Company holds no security other than the Debtors' personal security		2808.06		2343.40
Loans & Advances considered doubtful & provided for		36.72		31.41
		2850.39		2455.08
	Maximum Balance during the year (Rs. in Crore)			
	2009-10	2008-09		
Due from Directors of the Company	*	*	*	*
Due from Officers of the Company	0.37	0.40	0.17	0.26
* Amount less than Rs. 1 lakh				

Schedule-10

Current Liabilities

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Acceptances	42.30	67.14
Sundry Creditors		
- Total outstanding dues of Micro & Small Enterprises (incl. interest)	222.80	96.50
- Other Sundry Creditors	7357.00	5756.35
	7579.80	5852.85
Advances received from customers & others	19190.55	16435.42
Deposits from Contractors & others	434.38	325.68
Unclaimed dividend *	1.61	1.31
Other liabilities	774.57	674.44
Interest accrued but not due	0.53	0.48
	28023.74	23357.32

*There is no amount due & outstanding as at Balance Sheet date to be transferred to Investor Education & Protection Fund.

Schedule-11

Provisions

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Dividend	602.11	391.61
Corporate Dividend Tax	100.00	66.56
Contractual Obligation	895.36	887.09
Retirement benefits	2162.74	1715.79
Others	657.77	1914.53
	4417.98	4975.58

Schedule-12

Turnover (Gross)

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Sales less returns	30269.25	24625.22
Income from external erection & other services & revenue from works contract	3884.51	3407.97
	34153.76	28033.19

Schedule-12A

a. Other Operational Income

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Export Incentives	44.71	56.31
Rental income on leased assets	6.16	25.52
Add: Lease equalisation account	27.00	17.91
Scrap	186.73	186.72
Receipt from sale/transfer of surplus stock	0.59	0.18
Others	228.23	227.82
Total (A)	493.42	514.46

b. Other Income

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Profit from sale of fixed assets (net Cr)	0.30	8.36
Dividend on Investment (Long term-Trade)	15.83	18.45
Exchange variation gain (Net)	87.21	28.63
Others (including grants of Rs. Nil (prev year Rs. 0.01 crore) from Govt. of India for R&D Projects.	243.50	157.93
Total (B)	346.84	213.37

c. Interest Income**

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
From customers	0.00*	0.60
From employees	0.02	0.04
From banks	774.95	756.57
Others {Incl. Rs. (-) 5.58 crore reversal (previous year Rs. 5.58 crore) from subsidiary co.}}	33.06	12.32
Total (C)	808.03	769.53
TOTAL OTHER INCOME Total (A)+(B)+ (C)	1648.29	1497.36

* Amount less than Rs. 1 lakh

** Tax deducted at source Rs. 98.55 crore (previous year Rs. 175.11 crore)

Schedule-13

Accretion/(Decretion) to Work-in-progress & Finished goods

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Work-in-progress				
Closing Balance	4321.40		3612.59	
Opening Balance	3612.59	708.81	2548.53	1064.06
Finished Goods				
Closing Balance	599.53		519.00	
Opening Balance	519.00	80.53	472.98	46.02
Inter-division transfer in transit		-2.69		41.46
		786.65		1151.54
NOTE:				
Element of Excise duty in Finished Goods				
Closing Balance		53.06		35.24
Opening Balance		35.24		53.21

Schedule-14

Consumption of Material, Erection & Engineering Expenses

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Consumption of Raw material & components	17295.34		15148.94	
Consumption of stores & spares	457.40		438.49	
Erection and Engineering expenses- payment to subcontractors	2919.58		2032.62	
	20672.32		17620.05	

Schedule-15

Employees Remuneration & Benefits

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Salaries, Wages, Bonus, Allowances & other benefits	4703.35		2450.24	
Contribution to gratuity fund	1019.83		-7.59	
Contribution to Provident and other funds	320.73		161.01	
Group Insurance	10.23		8.64	
Staff Welfare Expenses	395.03		371.38	
	6449.17		2983.68	
Directors (incl Chairman & Managing Director)				
Salaries & Allowances	1.29		0.48	
Contribution to PF	0.12		0.05	
Contribution to Gratuity Fund	0.04		0.03	
Others	0.47		0.22	

Note: The Chairman & Managing Director and Functional Directors have been allowed the use of staff car for both duty and non-duty journeys. The ceiling of non duty journey is 1000 Kms p.m. against recovery of prescribed amount in accordance with terms and condition of appointment. The monetary value of the above perquisite for the use of car, if calculated in accordance with the provisions of I.T. Rules 1962 would amount to Rs. 0.01 crore (Previous year Rs. 0.01 crore).

Schedule-16

Other Expenses of Manufacture, Administration, Selling & Distribution

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Royalty, technical documentation, resident consultant charges & other consultancy charges	40.92	40.21
Rent (includes Rs. 60.79 crore for rent-residential Previous year Rs. 44.46 crore)	72.41	52.63
Excise Duty	94.86	68.83
Power & Fuel	337.99	341.82
Rates & Taxes	48.63	47.06
Service Tax	7.14	11.51
Insurance	84.74	77.84
Repairs:		
Buildings	50.73	71.10
Plant & Machinery	19.75	16.45
Others	90.96	85.99
Other expenses in connection with exports	23.75	26.54
Bad Debts and amount Written off	37.02	2.67
Carriage outward	302.69	247.30
Travelling & Conveyance	225.81	191.11
Miscellaneous Expenses	610.42	548.96
Liquidated damages charged off	102.89	2.62
Donations	0.30	0.13
Corporate Social Expenses	4.01	3.00
	2155.02	1835.77
Notes:		
Repairs do not include expenditure on departmental maintenance which are as under:		
Plant & Machinery	190.74	131.75
Buildings	44.38	40.06
Others	29.39	26.44
	264.51	198.25
Agency Commission on exports included in expenses in connection with exports	14.51	15.30
Expenditure on Research & Development	352.50	295.56
Payment to Auditors (Net of service tax credit claimed)		
– Fees (includes Rs. 0.04 crore (previous year Rs. 0.05 crore) to auditors abroad)	0.40	0.36
– Expenses	0.14	0.08
– Income tax matters (includes Rs.0.01 crore (previous year Rs. 0.02 crore) to auditors abroad)	0.09	0.09

Schedule-16 (Contd.)

Other Expenses of Manufacture,
Administration, Selling & Distribution

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
– Certification work includes Rs. Nil (Previous year Rs. 0.01 crore) to auditors abroad		0.16		0.17
– Other Professional services includes Rs. Nil (Previous year Rs.0.04 crore) to auditors abroad		0.10		0.07
Payment to Cost Auditors		0.01		0.01
Expenditure on entertainment		7.35		7.64
Expenditure on foreign travel (for 830 tours (previous year 775 tours)		14.55		14.02
Expenditure on Publicity and Public relations				
– Salaries allowances & other benefits	10.08		6.16	
– Other expenses	16.27	26.35	11.76	17.92
Director's Fees		0.08		0.07

Schedule-17

Provisions

(Rs. in Crore)

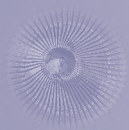
	For the year ended 31.03.2010		For the year ended 31.03.2009	
Doubtful debts, Liquidated Damages and Loans & advances				
- Created during the year	683.68		395.57	
- Less written back during the year	380.58	303.10	360.43	35.14
Contractual Obligations				
- Created during the year	359.86		427.21	
- Less written back during the year	348.65	11.21	241.01	186.20
Others				
- Created during the year	599.84		1205.60	
- Less written back during the year	1848.30	-1248.46	145.97	1059.63
		-934.15		1280.97

Schedule-18

Interest and Other Borrowing Costs

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Interest on:				
Banks/Financial Institutions borrowings		12.85		8.64
Others		20.65		22.07
Less : Borrowing Cost capitalised		0.00		0.00
		33.50		30.71



Schedule-18A

Prior Period Items

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
INCOME				
Sales less returns	7.12		11.21	
Operational income (others)	0.00		1.37	
Other income (others)	1.29		0.00	
Interest income (others)	0.00	8.41	0.10	12.68
EXPENDITURE				
Consumption of Raw material & components	0.34		-0.54	
Depreciation	0.20		0.07	
Payment to Sub-contractors	0.00		0.04	
Interest	0.08		0.00	
Misc. Expenses	0.52	1.14	1.22	0.79
Prior period adjustments (Net)		7.27		11.89

Schedule-19

NOTES TO ACCOUNTS

1. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for is Rs. 1623.14 crore (previous year Rs. 1783.78 crore) including Rs. 3.98 crore (previous year Rs. 24.78 crore) for acquisition of intangible assets.
2. Land and buildings include:
 - a) 8648.91 acres of land (previous year 9713.445 acres), 36 flats (previous year 36 flats) and one building (previous year one building) for which formal transfer/lease deeds have not been executed including for 71.44 acres of land (previous year 71.44 acres) for which the cost paid is provisional; registration charges and stamp duty net of provision already made thereon, would be accounted for on payment.
 - b) 28.676 acres of land (previous year 28.676 acres) leased to Ministry of Defence, Government Departments and others.
 - c) 180 acres of land (previous year 180 acres) being used by the Ministry of Defence and for which further approval of the competent authority for continuance of licensing of the land is awaited.
 - d) 116.365 acres (previous year 116.365 acres) of land is under adverse possession.
3. The impact on the profit of providing 100 percent depreciation on fixed assets upto Rs.10000/- each, without considering such impact of earlier years, is as under:

	(Rs. in Crore)	
	2009-10	2008-09
100% depreciation on assets upto Rs.10,000/- charged off in the accounting year	10.55	15.26
Normal depreciation on above	2.96	9.96
Excess amount charged off	7.59	5.30

4. Sales and despatches to customers :
 - (a) Includes Rs. 20.38 crore (previous year Rs. 766.64 crore) based on provisional prices and Rs. 96.86 crore (previous year Rs. 72.82 crore)

additional claim for despatches made in earlier year in accordance with price settlement with railways during the year.

- (b) Includes Rs. 1108.07 crore (previous year Rs. 923.93 crore) for escalation claims raised in accordance with the sales contracts, inclusive of escalation claims on accrual basis to the extent latest indices were available;
 - (c) Includes despatches of equipment valued at Rs. 15.57 crore (previous year Rs. 25.45 crore) held on behalf of customers at their request for which payment has been received by the Company; and
 - (d) Excludes Rs. 23.01 crore (previous year Rs. 15.65 crore) for price reduction due to delay in delivery as per terms of the contract.
5. Contingent Liabilities:
 - (a) Claims against the company not acknowledged as debt:
 - (i) Income Tax pending appeals (net of provisions) Rs. 28.77 crore (previous year Rs. 28.57 crore) against which Rs 0.03 crore (previous year Rs 0.01 crore) has been paid under protest and included under the head deposits- others.
 - (ii) Sales Tax demands Rs. 353.06 crore (previous year Rs. 326.39 crore) against which Rs. 76.91 crore (previous year Rs. 71.56 crore) has been paid under protest/court orders and included under the head advances recoverable.
 - (iii) Excise Duty demands Rs.195.47 crore (previous year Rs. 169.16 crore), against which Rs.5.01 crore (previous year Rs. 5.11 crore) has been paid under protest/court orders and included under the head advances recoverable.
 - (iv) Custom Duty demands Rs. 0.21 crore (previous year Rs. 0.21 crore) against which Rs. 0.06 crore (previous year Rs. 0.06 crore) has been paid under protest.
 - (v) Court / Arbitration cases Rs. 251.34 crore (previous year Rs. 86.06 crore)
 - (vi) Liquidated Damages Rs. 1287.94 crore (previous year Rs. 1363.44 crore).

(vii) Counter claim by contractors Rs. 0.61 crore (previous year Rs. 40.99 crore).

(viii) Service Tax demand Rs. 105.74 crore (previous year Rs. 70.31 crore) against which Rs. 0.22 crore (previous year Rs. 0.08 crore) has been deposited against protest.

(ix) Others Rs. 62.02 crore (previous year Rs. 58.77 crore).

In view of the various court cases / litigations and claims disputed by the company financial impact as to outflow of resources is not ascertainable at this stage.

(b) Bills discounted under IDBI scheme outstanding at the close of the year amount to Rs. Nil (previous year Rs. 0.06 crore).

6. The company invested a sum of Rs. 5 crore (previous year Rs. 5 crore) towards equity shares of Rs. 10/- each (at par) in erstwhile Konark Met Coke Ltd. (KMCL) Bhubneshwar, to secure orders for equipment being supplied by the company to erstwhile KMCL and Neelachal Ispat Nigam Ltd. (NINL). Pursuant to order passed by Hon'ble Orissa High Court, KMCL was amalgamated with NINL u/s 391 read with section 394 of the Companies Act, 1956 & in terms of the scheme of amalgamation sanctioned by the Hon'ble High Court, Orissa, NINL had allotted equity shares aggregating to Rs. 5 crore (previous year Rs. 5 crore) to the company. The equity participation in NINL is restricted to 7.5% of the value of the orders received with a maximum of Rs. 17.32 crore (previous year Rs. 17.32 crore).

7. Cash credit limit (including bills discounting limit in respect of IDBI Scheme) from banks aggregating to Rs. 100 crore (previous year Rs. 100 crore) and Company's counter guarantee / indemnity obligations in regard to bank guarantee / letters of credit limit aggregating to Rs. 40000 crore (previous year Rs. 30000 crore) sanctioned by the consortium banks are secured by first charge by way of hypothecation of raw materials, components, work in progress, finished goods, stores, book debts and other current assets both present and future. The outstanding bank guarantee as at 31.03.2010 is Rs. 31541 crore (previous year Rs. 26752 crore) and Corporate Guarantee as on 31.03.2010 is Rs. 1685 crore (previous year Rs.1528 crore).

8. Other liabilities include a sum of Rs. 100.51 crore (previous year Rs. 100.51 crore) towards guarantee fee demanded by the Government of India in respect of foreign currency loans taken by the company at the instance of the Government upto 1990-91. The matter for its waiver has been taken up with the DHI, Government since there was no stipulation for payment of such guarantee fee at the time the loans (guaranteed by Government) were taken. DHI has vide its letter dated 17.03.10 has intimated that the issue is being examined further.

9. Amorphous Silicon Solar Cell Plant (ASSCP), Gurgaon was taken on April 1, 1999 from Ministry of Non-Conventional Energy Sources on lease for a period of 30 years. The lease agreement with the Government is yet to be finalised.

10. Balances shown under debtors, creditors, contractor's advances, deposits and stock/materials lying with sub-contractors/fabricators are subject to confirmation, reconciliation & consequential adjustment, if any. The reconciliation is carried out ongoing basis & provisions wherever considered necessary have been made in line with the guidelines.

11. The disclosure relating to Micro and Small Enterprises

(Rs. in Crore)

S. No.	2009-10	2008-09
1. The principal amount remaining unpaid to supplier as at the end of accounting year.	216.22	92.07
2. The interest due thereon remaining unpaid to supplier as at the end of accounting year.	6.58	4.43
3. The amount of interest paid, along with the amounts of the payment made to the supplier beyond the appointed day during the year.	0.60	4.45
4. The amount of interest paid in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during the year.	—	—

5. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	0.25	0.34
6. The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	3.40	3.01
7. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure.	0.01	0.04

12. (a) The disclosures relating to Construction Contracts entered on or after 01.04.2003 as per the requirement of Accounting Standard AS-7(Revised) are as follows:

	(Rs. in Crore)	
	2009-10	2008-09
Contract revenue recognized during the year	28203.25	21815.06
In respect of Contract in progress as on 31.03.2010:		
– Cost incurred and recognised profits (less recognized losses)	91106.88	62550.94
– Amount of advance received	9830.20	861243
– Amount of retentions (deferred debts)	6768.15	4189.25
In respect of dues from customers after appropriate netting off		
– Gross amount due from customers for the contract work as an asset	2423.42	2838.41
– Gross amount due to customers for the contract work as a liability	3170.18	2691.13
– Contingencies	–	–

- (b) The estimates of total costs and total revenue in respect of construction contracts entered on or after 1st April 2003 in accordance with Accounting Standard (AS) -7 (R) Construction Contracts are reviewed and up dated periodically during the year by the management and necessary adjustments are made in the current year's account.

13. The company has changed the accounting practice of provision for doubtful debts during the year. As against earlier practice of creating provision on a case to case basis, the company has revised it that wherever trial operation has been conducted and the debtors are outstanding for more than three years from the date of trial operation, provisions (including contractual obligations) shall be equal to the debtors as prevalent on that date. In line with this any shortfall in provision with regard to total outstanding has been provided and excess if any, has been withdrawn. The impact due to change in this accounting practice is decrease in profit before tax by Rs.124.61 crore for the year 2009-10.

14. Further, Bank Guarantees given against release of outstanding payment from the customer but undischarged, after 3 years from the date of trial operation, has been reviewed on a case to case basis, for creating provision, if required. The effect of this for the year is decrease in profit before tax by Rs. 57 crore.

15. With the introduction of "Cafeteria approach" for perks & allowances as part of wage revision, earlier practice of LTC/LTA claim by all employees has been dispensed with and now LTC is one of the perks & allowances under the cafeteria and employee has an option to select any of perks & allowances listed under cafeteria approach subject to a maximum of 46% of basic pay. Hence no separate provision for LTC for the blocks 2010-11 (as per earlier practice) has been provided. The effect of this change on Profit before tax for the year 2009-10 is an increase by Rs. 16.71 crore.

16. The company accounts the leave encashment expenditure with 26 days a month as base. The company proposed a change in the base as 30 days a month in line with the directives of Government of India, Department of Public enterprise vide their O.M. dated 20.9.2005. However, some of the workers unions have raised a dispute under section 9(A) of the Industrial Dispute Act 1947 against the proposed changes in the calculation of leave encashment with 30 days month base instead of 26 days month. As per section 33 (3) of the Industrial dispute Act no

employer can alter the service conditions during the pendency of such proceedings with the Conciliation Officer. Pending final disposal of the dispute by the Conciliation officer the status quo is being continued. However, keeping in view the large number of recruitment envisaged in BHEL, the proposed change has been effected for the employees who have joined/ joining BHEL on or after 1st January 2010.

17. The details of Research & Development Expenditure (excluding cost of land & building) incurred during the year which is deductible under section 35 (2AB) of the Income Tax Act, 1961. The registration formalities for availing such deductions with DSIR has been completed by March 2010, formal approval letter is awaited from DSIR. However, the weighted deduction @ 150% on account of R&D expenses incurred during the year has been considered while working out the provision for tax / deferred tax for the year 2009-10.

	(Rs. in Crore)	
	2009-10	2008-09
A. Capital Expenditure on R&D		
Land	0.00	0.00
Building	0.45	1.10
Plant & Machinery & Other Equipments	23.34	6.50
Total Capital Expenditure	23.79	7.60
B. Revenue Expenditure on R&D		
Salaries & wages	127.79	105.79
Material, consumables/ spares	50.93	32.79
Manufacturing and other Expenses	43.68	53.89
Total Revenue Expenditure (net of income)	222.40	192.47

18. The disclosure relating to derivative instruments:

- The derivative instruments that are hedged and outstanding as on 31.03.2010 is Nil (previous year Nil).
- The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under:

(Figures in Crore)

	2009-10		2008-09	
	In foreign currency	In Indian Rs.	In foreign currency	In Indian Rs.
a) Assets / Receivables (i.e. Debtors)				
In US \$	21.50	960.64	24.69	1250.08
In Euro	21.95	1317.78	10.60	705.63
In LYD	0.91	31.97	0.27	10.48
In RO	0.19	22.26	0.22	29.07
In Others		14.92		21.25
b) Liabilities (i.e. Advance from customers / creditors)				
In US \$	28.81	1313.74	17.80	917.89
In Euro	34.63	2126.34	23.88	1637.21
In LYD	2.13	47.97	0.92	37.25
In Others		100.76		70.25

19. The disclosure relating to AS-15 (R) – Employee Benefits

- Effective April 1, 2006 the company adopted the revised Accounting Standard 15 (R) on Employee Benefits. The following disclosure sets out the status as required under AS 15 (R).

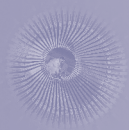
b) Gratuity Plan

The gratuity liability arises on account of future payments, which are required to be made in the event of retirement, death in service or withdrawal. The liability has been assessed using projected unit credit actuarial method.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as at the year ended 31.03.2010 are as follows:

(Rs. in Crore)

1. Change in present value of obligation	2009-10	2008-09
a) Present value of obligation as at the beginning	966.02	978.23
b) Acquisition adjustment	-	-
c) Interest Cost	72.45	68.48
d) Past service cost	756.79	-
e) Current service cost	65.52	41.03
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	(406.47)	(90.75)
i) Actuarial (gain) / Loss	203.14	(30.97)
j) Present value of obligation at the end of the period	1657.46	966.02
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	966.02	978.25
b) Acquisition Adjustments	-	-
c) Expected return on plan assets	82.11	83.15
d) Contributions	-	-
e) Benefits paid	(406.47)	(90.75)
f) Actuarial gain / (Loss) on plan assets	(4.04)	2.97
g) Fair value of plan assets as at the end of the year	637.62	973.62
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	966.02	978.25
b) Acquisition Adjustments	-	-
c) Actual return on plan assets	78.07	86.12
d) Contributions	-	-
e) Benefits paid	(406.47)	(90.75)
f) Fair value of plan assets at the year end	637.62	970.62
g) Funded status	(1019.83)	7.59
h) Excess of actual over estimated return of plan assets	(4.04)	2.97
4. Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period - obligation	(203.14)	30.97
b) Actuarial (Gain) / loss for the period – plan assets	4.04	(2.97)
c) Total (gain) / loss for the period	207.19	(33.94)
d) Actuarial (gain)/ loss recognized in the period	207.19	(33.94)
e) Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at end of the period	1657.46	966.02
b) Fair value of plan assets as at the end of period	637.62	973.62



c) Funded status	(1019.83)	7.59
d) Excess of actual over estimated	(4.04)	2.97
e) Unrecognised actuarial (gains)/ losses	-	-
f) Net asset/ (liability) recognized in balance sheet	(1019.83)	7.59
6. <u>Expense recognized in the statement of profit and loss a/c</u>		
a) Current service cost	65.52	41.03
b) Past service cost	756.79	-
c) Interest cost	72.45	68.48
d) Expected return on plan assets	(82.11)	(83.15)
e) Curtailment cost / (Credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	207.19	(33.94)
h) Expenses recognized in the statement of profit & losses	1019.83	(7.59)

Assumptions- Discounting rate 7.00% (prev. year 7.00%), Future salary increase 4.50% (prev. year 4.50%)., Expected rate of return on plan assets 8.50% (prev. year 8.50%).

c) Post Retirement Medical Benefits plan

(Rs. in Crore)

	2009-10	2008-09
1. <u>Change in present value of obligation</u>		
a) Present value of obligation as at the beginning	758.80	666.08
b) Acquisition adjustment	-	-
c) Interest Cost	56.91	46.63
d) Past service cost	-	-
e) Current service cost	16.04	14.59
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	(29.91)	(26.39)
i) Actuarial (gain) / Loss	58.59	57.89
j) Present value of obligation as at the end of year	860.43	758.80
2. <u>Change in the fair value of plan assets</u>	-	-
3. <u>Fair value of plan assets</u>	-	-
Funded Status	(860.43)	(758.80)
4. <u>Actuarial gain / loss recognized</u>		
a) Actuarial gain / (loss) for the period - obligation	(58.59)	(57.89)
b) Actuarial (Gain) / loss for the period – plan assets	-	-
c) Total (gain) / loss for the year	58.59	57.89
d) Actuarial (gain)/ loss recognized in the period	58.59	57.89
e) Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5. <u>The amount recognized in balance sheet and statement of profit and loss</u>		
a) Present value of obligation as at the end of the year	860.43	758.80
b) Fair value of plan assets as at the end of the year	-	-
c) Funded status	(860.43)	(758.80)
d) Net assets / (liability) recognized in balance sheet	(860.43)	(758.80)
6. <u>Expenses recognized in the statement of profit and loss</u>		
a) Current service cost	16.04	14.59
b) Interest cost	56.91	46.63
c) Net actuarial (gain) / loss recognized in the year	58.59	57.89
d) Expenses recognized in the statement of profit & loss	131.54	119.11

d) Provident Fund

In line with the guidance note on AS-15 (R) issued by ICAI, the company has got the actuarial valuation of provident fund in respect of PF trusts of the company. As per the actuarial valuations, a liability of Rs. 6.49 crore (previous year Rs.(-) 4.14 crore reversal) provided during the year 2009-10, with this the cumulative likely interest shortfall for the future period is Rs. 16.13 crore (previous year Rs. 9.64 crore), to be compensated by the company to the PF trusts has been kept in the books of accounts.

20. Related Party Transactions:

- i) Related Parties where control exists (Joint Ventures):
 Powerplant Performance Improvement Ltd.
 BHEL-GE Gas Turbine Services Pvt. Ltd.
 NTPC-BHEL Power Projects Pvt. Ltd.
 Udangudi Power Corporation Ltd.
 Barak Power Pvt. Ltd.
 Raichur Power Corporation Ltd.
 Dada Dhuniwale Khandwa Power Ltd.
- ii) Other related parties (Key Management Personnel- Functional Directors: existing & retired):
 S/Shri B.P. Rao , C.S.Verma, Anil Sachdev, Atul Saraya, O. P. Bhutani and K.Ravi Kumar
- iii) Details of transactions:

(Rs. in Crore)

Particulars	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchase of Goods and Services	2.51	61.07				
Sales of Goods and services	63.01	67.86				
Rendering of Services	5.59	4.85				
Receiving of Services						
Dividend income	15.83	18.45				
Royalty income	0.84	1.46				
Amounts due to BHEL at the end of the year	18.30	26.59			0.01	0.01
Amounts due from BHEL at the end of the year	1.06	0.70				
Provision for Doubtful debts	0.02	0.02				
Amount written back	-	-				
Guarantees given on behalf of	-	-				
Payment of Salaries			1.91	0.78	0.14	0.10

Note - Transaction with Joint ventures is with BGGTS.

21. Lease:

- a) Details of assets taken on finance lease on or after 1st April, 2001 are as under:

(Rs. in Crore)

	As on 31.3.2010	As on 31.3.2009
a. Outstanding balance of Minimum Lease payments		
– not later than one year	55.68	56.87
– later than one year and not later than five years	89.30	117.31
– later than five years		
Total minimum lease payments at the balance sheet date	144.98	174.18
b. Present Value of (a) above		
– not later than one year	47.42	43.99
– later than one year and not later than five years	74.74	99.64
– later than five years	-	-
Total minimum lease payments at the balance sheet date	122.16	143.63
c. Finance charges	22.82	30.55
Present value of Residual value, if any	0.01	0.01

- b. The company is in the practice of taking houses for employees, office buildings and EDP equipment etc. on operating lease both as cancellable and non-cancellable.
- c. The future minimum lease payments under non-cancellable operating lease are as under

(Rs. in Crore)

	As on 31.3.2010	As on 31.3.2009
– not later than one year	4.39	4.36
– later than one year and not later than five years	9.26	7.34
– later than five years	0.91	0.03

- d. Details regarding rentals in respect of assets taken on lease prior to 1.4.2001 is as given below:

(Rs. in Crore)

Assets	Cost of Assets		Rentals payable over unexpired period of lease	
	2009-2010	2008-2009	2009-2010	2008-2009
Computers & Peripherals	0.83	0.83	0.01	0.01
Land & Buildings	0.07	0.06	0.02	0.03
TOTAL	0.90	0.89	0.03	0.04

22. Earnings per Share :

			2009-10	2008-09
Weighted average number of Equity Shares outstanding during the year	(A)	Nos. in Crore	48.952	48.952
Nominal Value of Equity Share		(Rs.)	10.00	10.00
Net Profit for the year	(B)	(Rs. in Crore)	4310.64	3138.21
Basic and Diluted Earnings Per Share	(B)/(A)	(Rs.)	88.06	64.11

23. The break-up of net deferred tax asset on account of timing differences are as under :

(Rs. in Crore)

	As on 31.3.2010	As on 31.3.2009
Deferred Tax Assets		
Provisions	992.81	1336.51
Deferred Revenue Expenditure of Voluntary Retirement Schemes	0.00	0.01
Statutory dues	502.48	470.07
Adjustment as per section 145A	47.20	85.37
R&D expenditure u/s 35 (2AB)	42.24	-
Others	16.49	6.14
	1601.23	1898.08
Deferred Tax Liabilities		
Depreciation	73.99	57.78
Net Deferred Tax Assets	1527.23	1840.30

24. Joint ventures / Subsidiaries:

- (i) An MoU has been signed on 12th Aug., 2009 between BHEL and Mahagenco for setting up a joint venture company to build, own and operate a 2x660 MW thermal power plant with Supercritical parameters at Latur in Maharashtra.
- (ii) An MoU was entered into on 20th August 2009 with General Electric, USA for participating in Indian Railways tender for setting up of Diesel Loco Factory at Marhowra, Bihar.
- (iii) An MoU was made on 27th January 2010 with Alstom Transport S.A., France for participating in Indian Railways tender regarding setting up of Electric Loco Assembly and Ancillary unit of Chittaranjan Locomotive Works (CLW) at Dankuni, WB.
- (iv) Company has signed an MoU on 17th February 2010 with Toshiba Corporation, Japan to explore the possibility of forming JV Company for transmission and distribution business in India and other mutually agreed countries.
- (v) A Joint venture company between BHEL and MPPGCL has been formed on 25th February 2010, to Build, Own and Operate a 2x800 MW Thermal power plant with Supercritical parameters at Khandwa in Madhya Pradesh, namely Dada Dhuniwale Khandwa Power Ltd.

Pursuant to compliance of Accounting Standard-27 issued by the Institute of Chartered Accountants of India, relevant disclosures relating to Joint ventures are as follows:

- a) **Names of joint ventures**
- | Names of joint ventures | Country of Incorporation | Proportion of Ownership |
|---|--------------------------|-------------------------|
| Power Plant Performance Improvement Ltd | India | One share less than 50% |
| BHEL-GE Gas Turbine Services Pvt Ltd | India | |
| NTPC-BHEL Power Projects Pvt. Ltd. | India | 50% |
| Udangudi Power Corporation Ltd. | India | 50% |
| Barak Power Pvt. Ltd. | India | 50% |
| Raichur Power Corporation Ltd. | India | 50% |
| Dada Dhuniwale Khandwa Power Ltd. | India | 50% |
- b) The provision in respect of investment in PPIL has been made as, PPIL is under liquidation.
- c) Aggregate amount of company's interest in Joint Ventures as per accounts is as under: (Rs. in Crore)

	BHEL-GE Gas Turbinbe Service Pvt. Ltd.	NTPC-BHEL Power Project Pvt. Ltd.	Udangudi Power Corporation Ltd. *	Barak Power Pvt. Ltd. *	Raichur Power Corporation Ltd. *	Dada Dhuniwale Khandwa Power Ltd. *
Fixed Assets	2.50 (3.24)	0.29 (0.07)	2.46 (0.20)	0.00 (0.00)	0.01 (Nil)	0.00 (Nil)
Net Current Assets	31.97 (24.21)	22.88 (3.76)	2.70 (4.80)	-0.03 (-0.03)	3.64 (Nil)	2.50 (Nil)
Loan funds	0.20 (0.28)	0.08 (0.00)	0.00 (0.00)	0.00 (0.00)	1.01 (Nil)	0.00 (Nil)
Misc. Exp. not written off	-	-	-	0.08 (0.08)	2.36 (Nil)	-
Deferred Tax Assets (net)	1.02 (0.70)	0.36 (0.00)	0.00 (0.00)	(0.00) 0.00	0.00 (Nil)	0.00 (Nil)
Shareholders Funds	35.29 (27.88)	23.44 (3.83)	5.16 (5.00)	0.05 (0.05)	5.00 (Nil)	2.50 (Nil)
Income	220.06 (216.19)	2.11 (0.02)	0.24 (0.05)	0.00 (0.00)	0.11 (Nil)	0.00 (Nil)
Expenses	181.69 (182.47)	2.85 (1.19)	0.01 (0.04)	0.00 (0.00)	2.44 (Nil)	0.00 (Nil)
Contingent Liabilities	6.69 (6.63)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (Nil)	0.00 (Nil)
Capital Commitments	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (Nil)	0.00 (Nil)

* Based on un-audited financial results

Figures in brackets indicate previous year figures

25. As per the listing agreement with the Stock Exchanges, the requisite details of loans and advances in the nature of loans, given by the Company are given below:

i) In respect of Subsidiary Company:

(Rs. in Crore)

Name of Subsidiary Company	Loans and advances in the nature of loans outstanding as on 31 st March, 2010	Maximum amount of loans and advances in the nature of loans outstanding during the year 2009-10
Bharat Heavy Plate & Vessels Ltd. (interest free)	217.54 (181.89)	217.54 (181.89)

ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and

iii) There are no loans and advances in the nature of loans, to firms/companies, in which directors are interested.

26 The disclosure relating to Accounting Standard -29

A)

(Rs. in Crore)

Particulars	Opening Balance	Additions	Usage / write off / payment	Withdrawal / Adjustments	Closing Balance
Liquidated Damages					
Current year 2009-10	522.51	177.38	(102.89)	(113.75)	483.25
(Prev. year 2008-09)	(644.14)	(175.00)	(2.62)	(294.01)	(522.51)
Contractual Obligation					
Current year 2009-10	887.09	359.86	(77.11)	(274.48)	895.36
(Prev. year 2008-09)	(696.57)	(427.21)	(74.95)	(161.74)	(887.09)

a) Liquidated damages are provided in line with the Accounting Policy of the company and the same is dealt suitably in the accounts on settlement or otherwise. Contingent liability relating to liquidated damages is shown in Note No. 5 of Schedule-19.

b) The provision for contractual obligation is made at the rate of 2.5% of the contract value in line with significant Accounting Policy No.14 to meet the warranty obligations as per the terms and conditions of the contract. The same is retained till the completion of the warranty obligations of the contract. The actual expenses on warranty obligation may vary from contract to contract and on year to year depending upon the terms and conditions of the respective contract.

- B). Wage revision settlement with employees has been finalised during the year. The arrears from 01.01.2007 to 31.03.2009 amounting to Rs. 2087.50 crore (net of Rs. 798.59 crore adhoc and 50% DA merger impact accounted upto 31.03.2009) have been charged to P&L account and provision available upto 31.03.2009 amounting to Rs.1749.34 crore is withdrawn in P&L account and shown under provisions vacated during the year.

Provision against pension scheme as envisaged in wage settlement as part of superannuation benefits has been kept at Rs. 453.10 crore as on 31.03.2010 (due from 01.01.2007 to 31.03.2010) based on estimation, pending finalization and approval of the scheme.

27. Item of expense and income less than Rs. one Lakh are not considered for booking under Prior Period Items.

28. SEGMENT INFORMATION

(Rs. in Crore)

	For the year ended 31.03.2010			For the year ended 31.03.2009		
A PRIMARY SEGMENT-BUSINESS SEGMENTS						
	Power	Industry	Total	Power	Industry	Total
I. SEGMENT REVENUE						
a. Segment Revenue	26860.70	7878.96	34739.66	21344.38	7249.52	28593.90
b. Inter-Segment Revenue	0.00	541.19	541.19	0.00	504.40	504.40
c. Operating Revenue-External (a) - (b)	26860.70	7337.77	34198.47	21344.38	6745.12	28089.50
II. SEGMENT RESULTS						
a. Segment Results	6317.03	1642.46	7959.49	3861.76	1214.63	5076.39
b. Unallocated expenses (Net of income)			1335.34			196.83
c. Profit before Interest, DRE & Income tax (a) - (b)			6624.15			4879.56
d. Interest			33.50			30.71
e. Net Profit before Income Tax (c) - (d)			6590.65			4848.85
f. Income Tax			2280.01			1710.64
g. Net Profit after Income Tax			4310.64			3138.21
III ASSETS & LIABILITIES						
a. Segment Assets	27679.83	8320.57	36000.40	21369.52	6743.21	28112.73
b. Unallocated Assets			12486.43			13308.35
c. Total Assets			48486.83			41421.08
d. Segment Liabilities	25174.14	6071.67	31245.81	21940.73	5356.23	27296.96
e. Unallocated Liabilities			1323.66			1185.31
f. Total Liabilities			32569.47			28482.27
IV OTHER INFORMATION						
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	1391.85	270.30		1049.17	144.90	
b. Depreciation	301.06	82.01		194.96	57.89	
c. Non Cash Expenses (other than depreciation)	-452.84	-269.21		701.53	336.86	
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS						
	Within India	Outside India	Total	Within India	Outside India	Total
1 Net Sales / Income from Operations	32517.14	1681.33	34198.47	26272.19	1817.31	28089.50
2 Total Assets	48434.18	52.65	48486.83	41234.50	186.58	41421.08
3 Cost incurred during the period to acquire Fixed Assets	1692.84	0.22	1693.06	1307.76	0.06	1307.82

NOTES :

- The products and services of the company have been grouped under 'Power' and 'Industry' segments depending upon the sector to which they are predominantly identified in the market.
- Power sector includes products and services relating to various power generating sets and its auxiliaries.
- Industry sector includes products and services relating to transportation and transmission, electric machines, industrial sets and DG sets and telecommunications and other industrial products and systems.
- Inter segment transfers have been carried out at mutually agreed prices.

29. Previous year's figures have been regrouped/reclassified wherever practicable to conform to current year's presentation.

30. Other information required by Schedule VI of the Companies Act, 1956

A. Sales, Opening Stocks & Closing Stocks

(Rs. in Crore)

Product	Unit	Sales during the Year 2009-2010		Op. Stock of Fin. Goods 01.04.2009		Cl. Stock of Fin. Goods 31.03.2010	
		Qty.	Value	Qty.	Value	Qty.	Value
HEP, BHOPAL							
SWITCHGEAR, CONTROLGEAR, RECTIFIER, CAPACITORS							
Switchgear-11 kv to 220 kv high speed air blast circuit breakers	Nos	2690 (2533)	223.37 (101.19)	85 (55)	2.57 (0.79)	0 (85)	0.00 (2.57)
Control Panels	Nos	357 (314)	93.58 (72.13)	7 (0)	3.61 (0.00)	2 (7)	0.34 (3.61)
Industrial controlgear	Nos	0 (0)	21.22 (20.76)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Traction controlgear for AC, DC & diesel system	Set	143 (123)	103.82 (113.52)	13 (0)	3.61 (0.00)	1 (13)	0.11 (3.61)
Rectifiers with Electronics	Nos	444 (525)	157.15 (135.65)	3 (0)	1.04 (0.00)	3 (3)	0.57 (1.04)
Capacitors	MVAR MVAR	2169 (2358)	14.46 (18.16)	157 (14)	1.39 (1.24)	100 (157)	1.28 (1.39)
Bushings		0 (0)	26.47 (19.98)	0 (0)	0.20 (0.00)	0 (0)	0.00 (0.20)
TRANSFORMERS							
Power transformers upto 400 kv	MVA MVA	13968 (14526)	566.05 (590.47)	617 (0)	14.17 (31.27)	0 (617)	0.12 (14.17)
Instrument, welding ,transformers and reactors	MVA Nos. MVA Nos.	0 457 (0) (391)	16.63 16.63 (15.17)	0 103 (0) (0)	0.90 0.00 (0.00) (0.00)	0 0 (0) (103)	0.00 0.00 (0.90) (0.00)
INDUSTRIAL AND TRACTION MACHINES							
Traction Motors for AC, DC & diesel system, main/auxiliary generators	Nos	2130 (3151)	581.56 (725.08)	13 (107)	9.24 (8.63)	30 (13)	3.83 (9.24)
Industrial machines, AC motors upto 1000 HP, DC motors & generators of all types	Nos	1212 (984)	272.77 (215.21)	90 (49)	12.42 (6.51)	37 (90)	5.15 (12.42)
HEAVY ROTATING PLANT & TURBINES							
Large electrical machines above 1000 HP	Nos	335 (331)	290.55 (279.04)	6 (15)	2.51 (7.38)	7 (6)	3.03 (2.51)
Water wheel alternators & water turbines & Mini micro turbines & generators	Nos/ MW Nos/ MW Nos/ MW Nos/ MW	24/T 785 25/G 1399 (22/T) (835) (21/G) (658)	383.66 383.66 291.72 291.72 (265.83) (265.83) (176.41) (176.41)	0 0 0 0 0 0	14.91 14.91 13.09 13.09 (3.51) (3.51) (0.89) (0.89)	0 0 0 0 0 0	4.08 4.08 11.93 11.93 (13.09) (13.09) (14.91) (14.91)
Turbo Alternators & Steam turbines	Set	0 (0)	141.79 (153.25)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Heat Exchangers	Nos Nos	22 (24)	191.80 (112.58)	0 (3)	0.35 (5.48)	0 (0)	0.44 (0.35)
Others			219.50 (183.85)		0.00 (0.00)		0.90 (0.00)
		TOTAL	3596.10	80.01		31.78	

30. Other information required by Schedule VI of the Companies Act, 1956 (Cont.)

A. Sales, Opening Stocks & Closing Stocks

(Rs. in Crore)

Product	Unit	Sales during the Year 2009-2010		Op. Stock of Fin. Goods 01.04.2009		Cl. Stock of Fin. Goods 31.03.2010	
		Qty.	Value	Qty.	Value	Qty.	Value
TP, JHANSI							
Power transformers and special transformers	Nos	145 (99)	324.61 (316.41)	6 (4)	18.60 (11.54)	2 (6)	1.53 (18.60)
ESP Transformer	Nos	1098 (798)	93.85 (75.74)	0 (0)	0.00 (0.00)	8 (0)	0.51 (0.00)
ACEMU Transformer	Nos	0 (0)	0.00 (0)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Freight Loco transformers	Nos	59 (86)	35.49 (76.93)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Instrument transformers	Nos	386 (249)	12.14 (8.60)	30 (69)	0.63 (1.31)	6 (30)	0.15 (0.63)
Bus Duct	Nos/Set	0 (0)	4.02 (53.45)	0 (0)	0.71 (0.01)	0 (0)	0.71 (0.71)
Dry Type Transformer	Nos.	149 (125)	46.83 (31.92)	0 (7)	0.00 (0.52)	2 (0)	0.07 (0.00)
Diesel Shunters	Nos	8 (11)	25.17 (29.66)	1 (1)	2.38 (2.66)	1 (1)	0.00 (2.38)
New Product Loco	Nos	0 (0)	0.00 (0.01)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
AC LOCO	Nos.	22 (1)	134.74 (5.67)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Others/Misc.	Nos	0 (0)	17.34 (15.56)	0 (0)	0.10 (0.10)	0 (0)	0.10 (0.10)
		TOTAL	694.19	22.42		2.26	
HEEP, Haridwar							
Electrical Machines	MW/Nos	0 (0)	0.00 (0.00)	1/2 (3/3)	0.21 (0.27)	1/2 (1/2)	0.22 (0.21)
Industrial control panels	Nos.	0 (0)	0.00 (0.00)	3 (3)	0.18 (0.19)	3 (3)	0.19 (0.18)
Turbo Sets	MW/Nos	2355/8 (4960/15)	2410.30 (1923.81)	0 (0)	4.01 (10.08)	0 (0)	31.48 (4.01)
Hydro sets	MW/Nos	0 (0)	31.55 (28.35)	0 (0)	0.00 (0.38)	0 (0)	0.14 (0)
Super Rapid Gun Mount	Nos.	3 (1)	90.33 (34.81)	1 (0)	17.23 (0.00)	0 (1.00)	0.00 (17.23)
Gas Turbine	MW/Nos	0 (0)	190.98 (299.63)	0 (0)	3.01 (0.00)	0 (0)	0.00 (3.01)
Others		0 (0)	491.78 (566.69)	0 (0)	6.74 (7.27)	0 (0)	7.60 (6.74)
		TOTAL	3214.94	31.38		39.63	
CFFP, Haridwar							
Steel Castings	MT	0 (0)	0.00 (0.06)	0 (0)	0.00 (0)	0 (0)	0.00 (0.00)
Steel forgings	MT	0.00 (13.19)	0.00 (1.22)	0 (0)	0.00 (0)	0 (0)	0.00 (0.00)
		TOTAL	0.00	0.00		0.00	

30. Other information required by Schedule VI of the Companies Act, 1956 (Cont.)

A. Sales, Opening Stocks & Closing Stocks

(Rs. in Crore)

Product	Unit	Sales during the Year 2009-2010		Op. Stock of Fin. Goods 01.04.2009		Cl. Stock of Fin. Goods 31.03.2010	
		Qty.	Value	Qty.	Value	Qty.	Value
HPBP, Tiruchirappalli							
Boilers	MT	+ 531549 (435567)	9469.90 (6959.89)	11063 (9655)	176.78 (148.16)	23123 (11063)	337.78 (176.78)
				@		@	
Valves	Nos *	135812 (115787)	418.13 (378.50)	7655 (5625)	11.24 (7.68)	5025 (7655)	15.43 (11.24)
Income from testing & other services	Rs.	0 (0)	7.77 (6.25)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Seamless steel tubes	MT	66 (156)	1.25 (2.77)	**	**	**	**
					@ @		
		TOTAL	9897.05	188.02		353.21	

- Figures in brackets represent previous year's figures
- + This includes 2946 MTs of BAP, Ranipet, composite turnover for Boilers (Previous Year 1504 MTs)
- * Correct Weight particulars in terms of tonnage could not be ascertained.
- ** This excludes opening stock of 389 MT (Rs. 319.98 Lakh) and Closing stock of 76 MT of (Rs. 51.10 Lakh) meant for Boiler Plant treated as WIP
- @ This excludes closing stock meant for Boiler treated as WIP = Nos./ Value Rs. Lakh
- Valves drawn for Boilers Qty. - 53548 Nos. , Value Rs. 20200 Lakh (Pre. Year 55950 Nos. and Value Rs. 13542 Lakh)
- 32082 MTs of SS tubes transferred to Boiler Plant for captive consumption.
- @ @ included Raw Mat. (491) & Stores & Spares (492) as per SCH 14A

BAP, Ranipet							
Boiler auxiliaries	MT	235271 (188055)	2506.64 (1955.62)	6396 (12244)	44.52 (79.42)	12738 (6396)	95.56 (44.52)
Wind Mill	MT	(0)	0.55 (0.52)	0 (0)	0.00 (0.00)	(0)	(0.00)
Income from testing & other services		(0)	2.68 (1.24)	0 (0)	0.00 (0.00)	(0)	(0.00)
Income from external erection & other services		(0)	1.83 (5.01)	0 (0)	0.00 (0.00)	(0)	(0.00)
TOTAL			2511.70		44.52		95.56

30. Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

A. Sales, Opening Stocks & Closing Stocks

(Rs. in Crore)

Product	Unit	Sales during the Year 2009-2010		Op. Stock of Fin. Goods 01.04.2009		Cl. Stock of Fin. Goods 31.03.2010	
		Qty.	Value	Qty.	Value	Qty.	Value
HPEP, Hyderabad							
60 MW Sets	MW	1+P	280.82	1P	12.68	1P	12.04
Utility Sets		(2+P)	(45.44)	(0)	(0.00)	(0)	(0.00)
110/120 MW Sets	MW	(1+P)	(299.86)	(P)	(0.30)	(1P)	(12.68)
Small & Medium Sets	MW	6+P	448.61	8P	51.13	1P	12.29
		(14+P)	(455.07)	(2P)	(75.63)	(8P)	(51.13)
Pumps and heaters	Nos	6+P	795.03	0	0.00	3P	5.18
		(10+P)	(579.30)	(0)	(0)	(0)	(0.00)
Compressors	Nos	1+P	355.86	2	6.65	1	7.56
		(1+P)	(105.94)	(0)	(0.00)	(2)	(6.65)
Gas Turbine	Nos	8+P	2155.96	2P	63.91	2P	2.70
		(2+P)	(1432.57)	1P	(6.48)	(2P)	(63.91)
Aux. Prodn. Breakers	Nos			0	0.00		
		(0)	0.00	(0)	(0.00)	(0)	(0.00)
Bowl Mills		6+P	765.22	0	0.00	3.00	1.20
		(13+P)	(572.53)	(0)	(0.00)	(0)	(0.00)
Heat Exchangers			1.88	0	0.00		
			(0.00)	(P)	(0.00)	(0.00)	(0.00)
Erection Income			6.02		0.00		0.00
			(18.09)		(0.00)		(0.00)
Castings			1.73		2.82		
			(0.63)		(2.61)		(2.82)
Breakers		41	19.55	0	0.00		0.0
		(61)	(25.76)	(8)	(2.79)	0	0.00
Others (serv.)					0.00		0.00
			(137.86)		(0.00)		(0.00)
Breakers Spares					0.00		0.00
			(17.36)		(0.00)		(0.00)
Spares Other than breakers					0.00		0.00
			(449.97)		(0.00)		(0.00)
Oil Rigs			161.55				
		TOTAL	4992.23	137.19		40.97	
ISG, Bangalore							
Other Equipments		0	573.09	0	0.00	0	0.0
		(0)	(545.34)	(0)	(0.00)	(0)	(0.00)
		TOTAL	573.09	0.00		0.00	
EDN, Bangalore							
Power devices*	Nos	7033	0.72	206	0.05	146	0.19
		(46.21)	(1.09)	(0)	(0)	(206)	(0.05)
Photovoltaics	KWs	1322	15.91	168	0.15	0	0.00
		(1041)	(31.34)	(13)	(1.82)	(168)	(0.15)
Simulators (Defence Electronics)	Sets	0	0.00	0	0.00	0	0.0
		(0)	(1.70)	(0)	(0.00)	(0)	(0.00)
Control Equipments	Cubicles	5052	1394.75	9	8.45	20	3.58
		(3677)	(1192.35)	(0)	(0.0)	(9)	(8.45)
		TOTAL	1411.38	8.65		3.77	

30. Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

A. Sales, Opening Stocks & Closing Stocks

(Rs. in Crore)

Product	Unit	Sales during the Year 2009-2010		Op. Stock of Fin. Goods 01.04.2009		Cl. Stock of Fin. Goods 31.03.2010	
		Qty.	Value	Qty.	Value	Qty.	Value
EPD, Bangalore							
Insulators & bushings	MT	6393 (8767)	83.75 (92.74)	397 (543)	4.31 (6.52)	397 (397)	4.33 (4.31)
Ceralin	MT	2469 (2356)	48.19 (34.71)	55 (165)	0.47 (1.25)	60 (55)	0.56 (0.47)
Income from testing & other services		(0)	0.08 (3.55)	0 (0)	0.00 (0.00)	(0)	(0.00)
		TOTAL	132.02	4.78		4.89	
Power Group							
Income from erection & Other services & spares			6117.68 (5243.06)		1.60 (33.19)		3.98 (1.60)
		TOTAL	6117.68	1.60		3.98	
IP, Jagdishpur							
Insulators	CMT	7286 (6585)	72.08 (75.61)	426.58 (434.91)	5.38 (5.27)	286.36 (426.58)	3.38 (5.38)
Ceralin	MT	2965.00 (1525.90)	41.47 (21.53)	55.09 (105.50)	0.84 (2.90)	67.64 (55.09)	2.79 (0.84)
		TOTAL	113.55	6.22		6.17	
IVP Goindwal							
Industrial Valves	Nos	0 (0)	0.00 (0.00)	276 (140)	1.05 (0.66)	125 (276)	0.53 (1.05)
		TOTAL	0.00	1.05		0.53	
COTT, Hyderabad							
DC Field coils to shar shriharikota	Nos.	2	0.23	0.00		0.00	
		TOTAL	0.23	0.00		0.00	
CFP, Rudrapur							
SWHS	Nos	1 (388)	0.02 (1.11)	0 (109)	0.00 (0.09)	0 (0)	0.00 (0)
Solar Lantern	Nos.	0 (108)	0.00 (0.43)	0 (96)	0.00 (0.02)	0 (0)	0.00 (0.00)
ARS Bins	Nos.			0 (150)	0.00 (0.06)	0 (0)	0.00 (0)
Busduct Project	Sets	32 (9)	79.79 (32.82)	1 (0)	0.69 (0)	1 (1)	0.49 (0.69)
		TOTAL	79.81	0.69		0.49	

30. Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

A. Sales, Opening Stocks & Closing Stocks

(Rs. in crore)

Product	Unit	Sales during the Year 2009-2010		Op. Stock of Fin. Goods 01.04.2009		Cl. Stock of Fin. Goods 31.03.2010	
		Qty.	Value	Qty.	Value	Qty.	Value
HERP, Varanasi							
Spares & Repairs for Boiler/ Turbine & Auxiliaries			148.22 (92.91)		0.21 (0.28)		0.36 (0.21)
TOTAL			148.22		0.21		0.36
Transmission Business Group							
Spares (Including Services)			620.61 (546.05)		0.00 (0.00)		14.41 (0.00)
TOTAL			620.61		0.00		14.41
EMRP, Mumbai							
Repair & Project work			42.11 (24.60)		0.00 (0.00)		0.00 (0.00)
TOTAL			42.11		0.00		0.00
International Operations							
Income from Sales (Revenue Recognition Adjustment)			16.05 (-66.25)		0.00 (0.00)		(0.00)
TOTAL			16.05		0.00		0.00
Industry Sector							
Income from Sales (Revenue Recognition Adjustment)			5.67 (-27.98)		0.00 (0.00)		0.00 (0.00)
TOTAL			5.67		0.00		0.00
Adjustment for profit element on inventory			-12.87 (-6.72)		-7.74 (-2.18)		1.52 (-7.74)
GRAND TOTAL			34153.76		519.00		599.53

Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

B. Licensed Capacity, Installed Capacity and Actual Production

S. NO.	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION			
			2009-10	2008-09	2009-10		2008-09	
					For Sale	For Captive Consumption	For Sale	For Captive Consumption
HEP- BHOPAL								
1	Turbo Sets							
	- Steam Turbine/Nuclear Turbine	Set	1/1	1/1	0	0	0	0
		MW	210 or 250/236	210 or 250/236	0	0	0	0
2	Hydro Sets							
	- Hydro Turbine	Nos.	25	25	24	0	22	0
		MW	2500	2500	785	0	835	0
	- Hydro Generator	Nos.	25	25	25	0	21	0
		MW	2500	2500	1399	0	658	0
3	Large Electrical Machine	Nos.	340	100	336	4	322	4
4	Traction Machines (Incl.TG/AG, Blower Motors, BPRV etc.)	Nos.	3200	3200	2379	0	3122	0
5	Power Transformers	Nos.						
		MVA	30000	15000	13351	880	15143	340
6	Instrument Transformer	Nos.	200	200	354	1	494	
7	Electrical Machines	Nos.	1000	550	1159	7	1034	
8	Switchgear	Nos.	3000	3000	2892	28	3240	30
9	Capacitor	MVAR	3200	3200	2112	136	2501	0
10	Industrial Controlgear	Nos.	250	250	0	0	0	0
11	Traction Controlgear	Set	220	220	164	0	136	0
12	Control Equipment	Nos.	600	600	1301	0	1123	0
13	Heat Exchangers	Nos.	52	52	39	0	21	0
		MT	1100	1100	0	0	0	0
14	Control Panels	Nos.	600	600	392	2	350	0
15	Cathodic Protection System	Tonne	2700	2700	0	0	0	0
TP, JHANSI								
1	Power Transformers 33kv/ 132kv	Nos./MVA	105/5500	105/5500	142/4483	2/88	102/6209	2/12
2	<u>Other Transformer</u>							
	- Special Purpose Transformer (Dry Type Trfr. etc.)	Nos.	140	140	159	12	141	24
	- Traction Transformer (Frt. Loco & ACEMU)	Nos.	140	140	130	0	117	0
	- Instrument Transformer	Nos.	1000	1000	363	0	217	7
	- ESP Transformer	Nos.	500	500	1106	0	798	0
3	Bus Duct	Set	@	@	0			
4	Diesel Shunters	Nos.	10	10	8	0	11	1
5	AC Locomotives (Upto 6500 HP)	Nos.	30	30	22	0	1	0

Installed capacity is as reassessed and certified by the management

@ Bus duct manufacturing is being done within the existing capacity of Transformers.

Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

B. Licensed Capacity, Installed Capacity and Actual Production

S. NO.	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION			
			2009-10	2008-09	2009-10		2008-09	
					For Sale	For Captive Consumption	For Sale	For Captive Consumption
HEEP - HARIDWAR								
1	Turbo Sets*	MW	5750	5750	2355	0	4960	0
2	Hydro Sets	MW			0	0	0	0
3	Electrical Machines	MW			0	0	0	0
4	Gas Turbine @@	MW						
5	Super Rapid Gun Mounts	NOS	3	3	2	0	2	0

* Capacity of Turbo Sets includes manufacturing capacity of spares equivalent to 500 MW

@@ Capacity installed for manufacture of gas turbines components like rotor equivalent to 600 MW Gas Turbines. Balance Components for Gas Turbines from existing thermal sets facilities.

Note: Installed Capacity are as certified by management.

Figures of actual production during the year for products (except for SGRM which is recognised at unit level), are based on trial operations as advised by Business Sectors. This does not include capacity used for production of other products, spares & services, and work-in-progress.

CFFP - HARIDWAR

1	Steel Castings	MT	6000	6000	3736	6	4078	178
2	Steel Forging							
	(a) Steel Forgings (Heavy)	MT	2410	2410	811		768	
	(b) Medium Forgings (Medium)	MT	3000	3000	1590		2297	
3	Billets and Blooms	MT	4000	4000	17		169	
4	N F Casting	MT	250	250	39		52	

Note: 1. Licensed capacity not shown as the same is not required in terms of new Industrial Policy

2. Installed Capacity is as certified by the management

HPEP- HYDERABAD

1	Steam Turbines	MW	1140	1140	797.4		1118.87	
2	Generators	MW	1947	1947	1626.95		1971.06	
3	Gas Turbine	MW	992	992	1287.7		999.1	
4	Compressors	Nos	9	9	12		5	
5	Pulverisers @@	Nos	101	63	145		124	
6	Pumps @	Nos	187	187	227		201	
7	Breakers ###	Nos	1035	1035	186		305	
8	Heat Exchangers #	Nos	152	137	191		186	
9	Oil Rigs ##	Nos	5	5	23		22	
10	Drive Turbines	Nos	10	10	29		16	

Note Above figures are inclusive of Refurbishment orders

@ BFP, BP, CEP and CWP

@@ Bowl Mills and Tube Mills

HP & LP Heaters, Deaerators, Condensers, Gas Coolers, LO System and Spl HE

Mud Pumps, H & R Equipment and draw works

Capacity being re assessed & figures are 132 KV Breaker equivalents.

EDN - BANGLORE

1	Control Equipments	CUBICLE	4300	4300	5421	476	4073	149
2	Power Devices	Nos.	20000	12000	19420		18214	
3	Photovoltaics	KWS	8000	2000	1155		1203	
4	Simulators (Defence Electronics)	SETS	0	0	0		0	

Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

B. Licensed Capacity, Installed Capacity and Actual Production

S. NO.	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION	
			2009-10	2008-09	2009-10	2008-09
					For Sale For Captive Consumption	For Sale For Captive Consumption
TIRUCHIRAPPALLI						
1	Boilers	MT	481162 ⁺	411497 ⁺	545045 ⁺	439187 ⁺
2	Valves	MT Nos	13800 ^A	5728 ^A	0	126719
3	Nuclear Steam Generating Equipments	MW	382/500 ^{**}	382/500 ^{**}	XXX	XXX
4	Seamless Steel Tubes	MT	40000	40000	32787	32851
5	Armoured Recovery Vehicles	Nos.	25	25	0	0
+ Including 5000 MT for manufacture of equipments for Process Industries. * Includes Sub-Contracting and Sub-Delivery. A Excludes 788 MT of IVP/Goindwal ** Corresponding to 6.5 Steam Generators and 6.5 Reactor Headers for 235 MW (or) 4 Steam Generators and 4 Reactor Headers for 500 MW. Corresponding to the licensed capacity of 50 Nos. XXX The capacity was utilised for manufacturing components for Nuclear Projects and other Heat Exchangers, Pressure Vessels and components of boilers.						
BAP - RANIPET						
1	Boiler Auxiliaries	MT	207305	118000	244933	184550
IVP GOINDWAL						
1	Industrial Valves & Valves Spares	MT Nos.	788	788	1911 11091	1288 9723
EPD - BANGLORE						
1	Insulators & Bushings	CMT	6250	6250	6633	6873
2	Assembled Production	MT			8840	9512
3	Ceralin	CMT	745	745	1400	1057
4	Ceralin (Assembled)	MT			3355	2778
IP - JAGDISHPUR						
1	Insulators	CMT	6000	6000	7169.78	7021.67
2	Ceralin	MT	1574	330	1593.21	843.44
3	Ceralin (Assembled)	MT			3662.55	2093.59
CFP - RUDRAPUR						
1	S W H S			4000		279
2	Solar Lanterns	Nos.		10000		12
3	Bus Duct	MT	150	150	1188	442
CSU						
1	Stampings	Nos.	13000000	0	1436000	0

Other information required by Schedule VI of the Companies Act,1956 (Contd.)

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
C. Value of imports		
CIF basis		
Raw materials	3943.53	3386.60
Components and spare parts	2508.74	1991.02
Capital goods	783.66	408.15
D. Expenditure in foreign currency		
Royalty	34.79	32.17
Know-how	20.53	0.97
Professional & Consultation fees	0.07	0.03
Interest and others (incl. on foreign sites)	296.07	223.60
Dividend :@		
a) number of non-resident shareholders	5491	5619
b) number of shares held	82055911	84726491
c) gross amount of dividend	65.64	52.95
d) year to which dividend relates	2008-09	2007-08
Interim Dividend : @	(Final Dividend)	(Final Dividend)
a) number of non-resident shareholders	5441	6228
b) number of shares held	75561348	79692146
c) gross amount of dividend	83.12	79.69
d) year to which dividend relates	2009-10	2008-09
	(Interim Dividend)	(Interim Dividend)
E. Value of consumption of raw materials, components, stores & spare parts		
#Imported (including custom duty)	6240.72	4335.64
Indigenous	11512.02	11251.79
Percentage of total consumption		
Imported	35	28
Indigenous	65	72
F. Earnings in foreign exchange		
Export of goods (FOB basis)	1231.59	1569.74
Interest	0.01	0.06
Erection & other services	335.11	196.55
FE in Deemed Exports (incl. domestic contracts)	6696.71	3240.78

Includes canalised items wherever ascertained.

Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

G. Statement for raw materials and components consumed

(Rs. in Crore)

		For the year ended 31.03.2010		For the year ended 31.03.2009	
Group of materials	Units	Quantity	Value	Quantity	Value
Ferrous materials					
	MT	582871		544168	
	Meters	9088417		16006228	
	Nos	3831321		2955895	
	Sq.M.	12		345	
	Kg.	50954071		63345467	
	Others	126		1437	
			4589.09		4663.55
Non-ferrous materials					
	MT	20071		18966	
	Meters	2144535		420174	
	Nos	187313		238239	
	Sq.M.	194		0	
	Kg.	6305433		6203344	
	RL	20902		22542	
	Others	115		6	
			306.19		339.20
Insulating materials					
	Meters	60428160		59890934	
	MT	17489		3512	
	Nos	427241		524867	
	Sq.M.	2116260		1252309	
	Kg.	985456		1161248	
	LT	4592485		5965489	
	RL	177783		151914	
	M2	40454		48871	
	ST	397		529	
	Others	19760		661	
			184.26		187.64
Insulated cables and Magnet wires					
	Meters	5449824		2729723	
	Nos	3220		92280	
	Kg.	8838		8267	
			59.33		45.08
Components			9914.39		8385.99
Others			2242.08		1527.48
			17295.34		15148.94

Balance Sheet Abstract and Company's General Business Profile

i) Registration details :

Registration No.

0 0 4 2 8 1

State Code

5 5

Balance Sheet

3 1 0 3 1 0

Date Month Year

ii) Capital raised during the year (Amount in Rs. Crore)

Public Issue

NIL

Right Issue

NIL

Bouns Issue

NIL

Private Placement

NIL

iii) Position of mobilisation and deployment of funds (Amount in Rs. Crore)

Total Liabilities

4 8 4 8 6 . 8 3

Sources of Funds

Paid Up Capital

4 8 9 . 5 2

Secured Loans

N I L

Application of Funds

Net Fixed Assets*

3 9 4 4 . 9 5

* It includes Capital WIP Rs. 1529.55 Crore

Net Current Assets

1 0 4 9 3 . 0 9

Accumulated Losses

N I L

iv) Performance of Company (Amount in Rs. Crore)

Turnover*

3 4 1 5 3 . 7 6

* Inclusive of Excise Duty & Service Tax Rs. 1292.32 Crore

Total earnings including accretion/decretion in WIP & FG, other income and adjustment of excise duty & service tax on turnover for the year is Rs. 35296.38 Crore as against total expenditure.

Profit Before Tax

6 5 9 0 . 6 5

Earning Per Share in Rs.

8 8 . 0 6

Total Assets

4 8 4 8 6 . 8 3

Reserves & Surplus

1 5 4 2 7 . 8 4

Unsecured Loans

1 2 7 . 7 5

Investments

7 9 . 8 4

Misc. Expenditure (Deferred Revenue Exp.)

N I L

Deferred Tax Assets

1 5 2 7 . 2 3

Total Expenditure

2 8 7 0 5 . 7 3

Profit After Tax

4 3 1 0 . 6 4

Dividend rate

- Interim dividend @110% (Rs. 11 per share) of paid up capital of Rs. 489.52 Crore.
- Proposed Final dividend @123% (Rs. 12.30 per share) of paid up capital of Rs. 489.52 Crore.

v) Generic names of three principal products/services of Company (as per monetary terms)

1. Item Code No. : 8 4 0 2 1 0

(ITC Code)

Product Description : Boiler other than parts

2. Item Code No.: 8 5 0 2 3 9 0 2

(ITC Code)

Product Description : Complete generating sets including hydro turbines

3. Item Code No.: 8 4 1 1 8 2 0 6

(ITC Code)

Product Description : Gas turbine of thrust exceeding 115000 KW

(I. P. Singh)
Secretary

(C.S. Verma)
Director (Finance)

(B. Prasada Rao)
Chairman & Managing Director

Date : May 26, 2010
Place : New Delhi



Subsidiary Company

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Director's Report

To,
The Shareholders,
Bharat Heavy Plate and Vessels Limited,
Visakhapatnam.

The Directors are presenting the 44th Annual Report on the business and operations of the Company for the year ended 31st March, 2010.

SALES

The Company achieved a sales turnover of Rs.104.31 Crore as against Rs. 84.39 Crore in the previous year (i.e., a growth of 23.6% over previous year).

FINANCIAL PERFORMANCE

The salient features of Financial Performance of the Company for the year are as follows:

	(Rs. in Crore)	
	2009-2010	2008-2009
1. Sales Turnover	104.31	84.39
2. Gross Margin	(-) 8.93	(-) 113.63
3. Interest	(-) 2.68	11.04
4. Depreciation	1.26	8.48
5. Profit /Loss before tax (Without waivers)	(-) 7.51	(-) 133.15
6. Profit / Loss before tax (With waivers)	(-) 7.51	96.93
7. Profit / Loss after tax	(-) 8.60	96.36

The Gross Margin for the Year 2009-10 works out to Rs. (-) 8.93 Crore as against Rs. (-) 113.63 Crore in the previous year. The Profit / Loss (before tax) for the year 2009-10 is Rs. (-) 7.51 Crore as against Rs. 96.93 Crore in the previous year after considering waiver of Rs. 230.08 Crore granted by GOI / Banks / Others. Your Company could achieve the above performance due to support extended by the Holding Company (BHEL) by way of financial support, deputing of officials, interest free loan/advances etc.

CONTRIBUTION TO EXCHEQUER

Your Company contributed to the Public Exchequer a revenue of Rs. 21.76 Crore during the year 2009-10 as against Rs.18.72 Crore during 2008-09 as per the

details given below:

	(Rs.in Crore)	
	2009-10	2008-09
Excise Duty	9.77	7.96
Custom Duty	1.38	0.79
Sales Tax	10.51	9.40
Income Tax/Fringe Benefit Tax	0.10	0.57
	21.76	18.72

ORDER BOOK

The Company has faced many problems with regard to order inflow because of delay in execution of old and existing orders. The competition from within and out-side the country in terms of price and delivery, stringent pre-qualification criteria made the order book position of the Company critical during the year under review. On successful completion of various old orders relating to HPCL Mumbai, HPCL Vizag, BORL Bina etc., EIL lifted the 'holiday status of BHPV,' as far as erection contracts are concerned. Your Company could obtain orders mainly from TISCO-Jamshedpur, IFFCO-Phulpur, BHEL-Hyderabad, Anrak Aluminium-Hyderabad. The order booking was registered at Rs. 67.24 Crore for the year (as against Rs.126.16 Crore in the year 2008-09) and the orders in hand as on 31.03.2010 were worth Rs.189.70 Crore(as against Rs. 235.73 Crore as on 31.03.2009). Your Company has been submitting offers to various projects and making all out efforts to secure further orders.

MANAGEMENT DISCUSSION AND ANALYSIS.

A report on Management Discussion and Analysis is placed at **Annexure -1**

BOARD OF DIRECTORS

APPOINTMENT

- Shri Shashank Goel, Director, DHI was appointed as part time official Director on the Board of BHPV with effect from 17.08.2009.
- Shri B. Prasada Rao, CMD, BHEL was appointed as part time Chairman on the Board of BHPV with effect from 24.10.2009.

- Shri S.S. Gupta, General Manager, BHEL was appointed as Managing Director of BHPV on the Board of BHPV with effect from 31.10.2009.
- Shri P.V. Sridharan, General Manager, BHEL was appointed as Director (HR) on the Board of BHPV with effect from 09.11.2009.
- Shri A.S. Nagaraja, General Manager, BHEL was appointed as Director (Operations) of BHPV on the Board of BHPV with effect from 20.11.2009.

CESSATION

- Shri R.P. Goyal, Director, DHI ceased to be part time official Director of the company with effect from 17.08.2009.
- Shri Om prakash, MD ceased to be the Director with effect from 31.10.2009 on his resignation.
- Shri V. Bakhtavatsalam, ceased to be part time Non-official Director of the company with effect from 13.03.2010.
- Shri Probir Roy, ceased to be part time Non official Director of the company with effect from 18.03.2010.

OFFICIAL LANGUAGE IMPLEMENTATION

During the year 2009-10, the company continued its thrust on official language implementation in line with Government of India's policy on Official Languages Act, 1963 and Rules 1976.

72 employees were trained in Hindi Prabodh, Praveen and Pragya classes during the year. One increment for one year was given to the employees on passing Hindi Pragya examination.

Hindi workshop on official Noting & Drafting was conducted for the benefit of 30 employees, who had working knowledge in Hindi. 10 common word/phrases are being sent to all the executives with a request to sign in Hindi on 1st working day of every month.

Hindi day was celebrated on 14th September, 2009. Various Hindi competitions were conducted among employees. Cash Awards and Merit certificates were given to those employees who passed Hindi examinations and winners in the competitions.

Four Hindi magazines are being procured and distributed regularly. All employees of the Organization are greeted on their birthday with Special Greeting Cards in Bilingual form.

Identity Cards were prepared in Bilingual form and printing of BHPV logo in Bilingual form has been ensured on all the formats of the organization during the year.

MOU for 2010-11 between BHPV and BHEL was prepared in Bilingual form.

VIGILANCE

Your Company continues to take all possible steps to build systems and procedures, which are simple, transparent and easy to comply with by every one concerned so that a transparent and corruption free environment prevails. New Purchase Policy in line with the policy of BHEL was approved for its implementation from April 2010. Vigilance Awareness Week was observed to bring about greater awareness and accountability amongst employees. All the directives issued by the Central Vigilance Commission from time to time have been complied with.

QUALITY

Quality of BHPV's products has been held at a high level by customers since inception. BHPV strives to improve the quality levels by adoption of latest standards and practices, with the ultimate objective of customer satisfaction. In line with this approach, BHPV upgraded its quality system in conformance to the latest ISO 9001-2008 standard. The quality system was recertified by Bureau Veritas Certification India (P) Ltd., in April, 2009 to ISO 9001-2008 standard. This certification is valid till April, 2012. Subsequently 1st surveillance audit was also successfully completed in February, 2010.

ANCILLARIES / SUB-VENDORS

The total output by the ancillaries / sub-vendors for the year under review is Rs.160 Lakh as against Rs.80 Lakh in the previous year. Total Sub-contracting orders placed for the year 2009-10 was 3000 MT and worth Rs.650 Lakh. Efforts are being made to increase the number of sub-vendors and to outsource maximum load on the ancillaries / other local vendors to the extent of 9000 MT.

FOREIGN TOURS

During the year 2009-10, no expenditure was incurred on foreign tours undertaken for business activities.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Sec. 217 (2AA) of the Companies Act, 1956, your Directors hereby wish to confirm that:

- In the preparation of Annual Accounts for the Financial Year ended 31st March, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- Such Accounting Policies have been selected and applied consistently and judgments and estimates have been made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of Financial Year 2009-10 and of the Profit or Loss of the Company for that period;
- Proper and sufficient care has been taken for the 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 Annual Accounts for the Financial Year ended 31st March 2010 have been prepared on a 'going concern' basis.

CORPORATE GOVERNANCE

The Department of Public Enterprises has issued guidelines on Corporate Governance. Though these guidelines were of voluntary in nature, the company has started earnestly implementing them. A detailed report on the Corporate Governance along with Auditor's certificate on Corporate Governance is enclosed as **Annexure-2** to the Directors' Report.

OTHER DISCLOSURES

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is detailed as under:

CONSERVATION OF ENERGY

Your Company continued its efforts in taking various measures in the conservation of electricity, LPG, petrol & diesel. Different measures taken to save energy during the year include:

- Carried out major overhaul of all the substations to improve their performance and to avoid electricity losses/break downs. Major reconditioning /retrofitting of all the critical welding/CNC machines have been taken up to improve the availability of machinery for production.
- Modifications were made to 10 Nos. of roller positioners with DC drives to save huge power consumption and maintenance. Thus there will be saving in electricity bill and increase in availability of these machines for production.

- Number of printed circuit boards of Horizontal Boring Machine WD-160 and WD-200 are replaced with single DC drive to save huge maintenance of these PCBs and for smooth functioning without breakdowns of electrical circuits.
- Measures taken like replacement of sodium vapor lamps in place of mercury lamps, minimizing the lights and fans in offices, bunching of furnace operations etc. Replaced old computers with new computers on hire basis and are installed in all the departments. Reduced all the internet dial-up connections with high speed broad band in all the departments. For conservation of LPG, jobs are pooled while loading the furnaces.

Power and Fuel cost as a percentage of Gross Turnover, net of Excise Duty, for the year is 3.11% as against 3.12% in the previous year.

RESEARCH & DEVELOPMENT

Company's R&D Department continued its efforts for design and commercial production of New Products after development and testing of their prototypes.

The following are some of the important achievements during the year:

- R&D has continued execution of its task viz. manufacturing, testing and supply of Compact Heat Exchangers of Tejas aircraft for the Series Production (SP) order from M/s.HAL, Bangalore. During the year 26 nos. of Compact Heat Exchangers worth Rs. 313.54 Lakh were fabricated, tested and delivered to M/s. HAL, Bangalore.
- R&D has successfully fabricated, tested and supplied 3 nos. of Precooler units for Tejas aircraft, to ADA, Bangalore, worth Rs. 36.30 Lakh.
- R&D successfully fabricated, tested and supplied 8 Nos. FADEC Cooler units for Tejas aircraft, to ADA, Bangalore, worth Rs. 57.00 Lakh.
- BHPV has been awarded Type Approval Certificate for the Precooler successfully developed by R&D for the Indian Light Combat Aircraft 'Tejas' on 4th September, 2009 which has undergone and passed all the mandatory pre-flight Qualification Tests to prove their airworthiness. Thus all the 9 types of Compact Heat Exchangers required for Tejas aircraft have met all technical requirements mandated by the

relevant Military Standards and BHPV is identified as the sole manufacturer of Compact Heat Exchangers for the 'Tejas' in India.

Expenditure on R&D in 2009-10

(i) Recurring -	Rs. 0.76 Crore
(ii) Capital -	Rs. 0.28 Crore
Total -	Rs. 1.04 Crore

Expenditure as a percentage of Turnover - 1%

TECHNOLOGY UPGRADATION

- Development of fabrication of modules for HRSG Boilers:

Fabrication of CS modules for HRSG Boilers, for the first time on BHPV shop floor, was developed by providing new facilities like "A" frame, pallets, tubes lifting beams and a separate work centre is developed. 63 Nos. of modules were successfully completed for HMEL I & II. Apart from down hand welding of header to tubes on "A" frame being done at BHEL, Trichy, a new technology was developed by welding over head by keeping modules in horizontal condition.

- HRSG & BFBC Boiler design from BHEL, Trichy :

For the first time, the designing of BFBC, HRSG boilers was done in BHPV Engineering Department after the designers got training in BHEL, Trichy for three weeks. This helped us to carryout the engineering for BFBC & HRSG Boilers required for JSPL, MSIL & MRPL, projects under the guidance of BHEL Trichy.

Your Company is also entering into MOUs on case to case basis with various reputed organizations to obtain engineering & technology backup. The in-house R&D centre of your company continues to give its support in developing and commercializing various products, technologies.

FOREIGN EXCHANGE EARNINGS & OUTGOINGS

Foreign exchange valued at Rs. 11.29 Crore was spent towards procurement of raw material and components, acquisition of engineering, and other expenses for execution of orders quoted with the technical back up of reputed parties abroad. The foreign exchange earnings during the year are valued at NIL.

PARTICULARS OF EMPLOYEES

There was no employee of the Company who received remuneration in excess of the limits prescribed under the Sec 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ENVIRONMENTAL MANAGEMENT AND POLLUTION CONTROL

Your Company is aware of its responsibility towards the ill-effects caused through pollution and it has taken various measures to maintain clean and hygienic environment in and around factory premises. A large green belt is maintained in the factory and town-ship. New garden has been developed in front of ADM Building.

Necessary statutory consents under section 25/26 of Water (Prevention and control of Pollution) Act, 1974 and under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 and consent for Hazardous Waste Authorization has been obtained from AP Pollution Control Board which is valid upto 30.04.2010. Process of Renewal Valid upto 30.04.2011 has already been taken up.

AUDITORS

M/s Murthy Associates, Chartered Accountants, Visakhapatnam were appointed as the Statutory Auditors of the Company for the year 2009-10. The audited accounts of the Company were presented to the C & AG under Sec.619 of the Companies Act 1956. The replies to the points referred to in the Auditors Report are given at Annexure-3.

COMMENTS OF C & AG

Comments of Comptroller & Auditor General of India, under Sec.619 (4) of the Companies Act 1956 on the accounts of the Company for the year ended 31st March 2010, are placed as Annexure to this report.

ACKNOWLEDGEMENTS

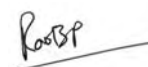
The Directors wish to express their sincere thanks and appreciation for the continued support, guidance and cooperation received from the Department of Heavy Industry, Government of India, Government of Andhra Pradesh, Holding Company (BHEL), Suppliers, Valued Customers and Bankers. Your Directors are also thankful to the Principal Director of Commercial Audit & ex-officio Member, Audit Board and the Statutory Auditors for completion of audit in record time. The Directors also take this opportunity to express their appreciation for the efforts put in by the employees at all levels.

For and on behalf of the Board of Directors

Bharat Heavy Plate and Vessels Ltd.



S.S. Gupta
Director



B. Prasada Rao
Chairman

Date: 15.07.2010

Place: Visakhapatnam / New Delhi.

ANNEXURE – 1 TO THE DIRECTORS' REPORT

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT:

The Company is an Engineering Industry essentially established to cater to the needs of the requirement of core sector industries like Refineries, Steel Fertilizers and Nuclear Power etc. It is engaged in manufacture, supply and erection of capital equipments /machinery needed for core industries in addition to execution of Lump Sum Turnkey (LSTK) Projects throughout India with commitment to quality of its products. The Company has in the recent past incurred losses and is suffering from financial crunch. During the year 2008-09, the Company became the fully owned subsidiary of BHEL. The company has now initiated planned investment towards up-gradation, Capital Expenditure for Plants & Equipments and Infrastructure. Strategic tie-ups for BHEL's total support to enhance Industrial Boiler capability, sharing the load of other plants of BHEL and to cater to the need of Industrial Boilers & HRSGs are being entered into.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

The Industry has the potential for high growth and the opportunities before the Company are in the areas of manufacturing industrial boilers for BHEL, Power Plant Components of BHEL and meeting demands in BHPV's existing portfolio.

THREATS

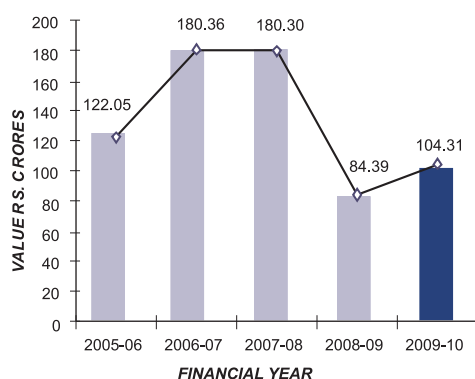
- Stiff competition from private players,
- National and International, Domestic players under-quoting for conventional jobs.
- Raising customer expectations.
- Stringent delivery conditions.
- Drain of talented manpower due to low compensation.

PERFORMANCE

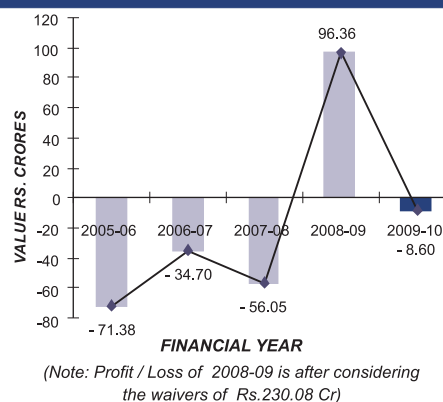
(Rs. in Crore)

	2009-10	2008-2009
1. Turnover	104.31	84.39
2. Value Added	37.40	11.24
3. Capital Employed	32.26	8.45
3. Gross Block	80.64	79.99
4. Net Block	4.61	5.23
5. Working Capital	27.65	3.22
6. Net Worth	(-) 238.54	(-) 229.94
7. Interest	(-) 2.68	11.04
Ratios:		
PBDIT as a percentage of Turnover (without waiver)	(-) 8.56	(-) 133.88
PAT as percentage of Turnover (without waiver)	(-) 8.24	(-) 114.18
Value Added as a % of GTO (net of ED)	43.10	13.32

Sales Performance of Past 5 years



Profit After Tax of Past 5 years



Major achievements of the year included the manufacture and supply of following critical equipments:

- (i) Reforming regenerator supplied to M/s. CPCL-Chennai is made out of SS plates (SA 240 TY 321) of 1.7 mts dia (60 TK max to 20 TK min) x15 mts long. The nozzles are welded to shell with 60 mm RF plate including corrective machining of insert plates to shell profile and shell thickness. It is a very critical equipment in design and manufacturing.
- (ii) Reforming reactor, Reduction chamber, lower and upper hoppers, lift pots are supplied to CPCL Chennai. These very critical 18 Nos of LAS equipments were fabricated and supplied successfully.
- (iii) Stand by cooler supplied to M/s NPCL Mumbai is a very critical high pressure (170 kg/cm²) "U" tube Heat exchanger having 206 Tk Tube sheet of inconel weld deposition. All 1346 nos. T T P joints are Tig welded and expanded in 9 stages. The equipment is made to suit the existing exchanger to NPCIL and Hydro tested at 170 kg/cm² for the tube side and as well as for gasket grove also. The job was completed successfully with stage wise inspection by NPCIL & Helium Leak Tests.
- (iv) The exchanger supplied to M/s BORL Bina is floating Head type of 8 mtrs long weighing 14.2 MT with 130 Tk Tube sheet. The criticality of the exchanger is that the shell side contact i.e. inside of shell, shell flange, Bonnet are of SS 410s clad.
- (v) The stabilizer Net gas Chiller Supplied to M/s BORL Bina is the Heat exchanger is 800 mm dia x 6.3 Mts Long weighing 6.23 MT. The criticality in fabrication is that of TTP welding of all tubes with 50 mm projection from Tube plate face within a tube gap of 9 mm.
- (vi) The RR Package components supplied to M/s HPCL-Vizag consist of top section, spent catalyst stripper, riser pipe for Reactor and top section, plenum chamber for Regenerator and Orifice chamber etc. All these components were fabricated and Heat Treatment, Hydro test were carried out. The Hex mesh of stainless steel ss304/316/321 and Anchors were fixed in the components for Refractory lining. The refractory lining (by Vibro cast, gunning etc and also hot air

drying) was carried out under UOP inspection successfully.

- (vii) SS Scrubber supplies to HPCL, Mumbai; Top section ID 2000x6tk to 12tk of 19.4 mts length and wt 9 tonnes. Shells C/Seam Assly welding is critical since thickness of the shell is very thin. Circularity of the shell to be maintained by providing suitable stiffening rings inside the shells. Bottom section of diameter 4800 mm x 16 to 20 mm thick of length 16mts weighing 51 tonnes. The fabrication of this section involves very critical welding of internal cones, spray nozzles, Ni alloy 20 nozzles and lot of internal work. The two sections completed with EIL inspection & BELCO consultant inspection. Final section planned for completion in 1st Quarter 2010-11.

In addition to the above, on the External Services Front, the Company has accomplished the following:

- (i) Mechanical completion of 2 x 75 TPH Boilers Including Hydraulic test of boiler proper, external piping (IBR & Non-IBR), application of refractory and insulation, Erection of 60 M height steel chimney, at M/s. HPCL – Visakhapatnam (S.O:7273.)
- (ii) Successful commissioning of 2 x 100 TPH Boilers including Boiler light up, Alkali Boil out, safety valve floating at M/s HPCL–Mumbai (S.O.NO 7272).
- (iii) Site fabrication of water seal drum of 7.4 M dia and 25 M length including stress relieving & Hydraulic testing at BORL-Bina (S.O. NO.2346).
- (iv) Site work of hot oil heater with Radiant & convection sections, APH Module, Ducts, stack including application of Refractory & Insulation and Dry out completed at M/s BORL, Bina, (S.O No.7275).
- (v) Site erection of Preflash drum including structural platform at HPCL- VIZAG, (S.O. No.2369).

OUTLOOK

- The reconstituted Board of BHPV has taken position in October / November 2009 with the new Managing Director and two Functional Directors taking their positions. As per the Draft Rehabilitation Scheme (DRS) submitted to the BIFR, BHPV aims to cross the 1000 Crore

Turnover mark by 2015-16 & also positive Net Worth by that time and also becoming a profit making company by 2012-13.

- BHPV's reputation as a quality supplier for Process Plant equipment continues to help in getting further orders from oil and fertilizers sectors. This coupled with executing more orders from BHEL for Industrial Boilers & HRSGs will significantly contribute to the company's turnover in the coming years and will put BHPV back on track. Continuous efforts are also being made to bag more orders from existing as well as new customers.
- In line with the Modernisation & Capital Investment strategy adopted by the company, an amount of Rs. 235 Crore will be invested in the coming years towards renovation and modernisation of the facilities.
- In tune with the changing market scenarios and to remain cost competitive, BHPV's Purchase Manual was completely revised and a new Purchase Policy has been adopted in line with BHEL. The new Works Policy, again in line with BHEL, has been prepared and is currently under approval.
- Towards motivation of the employees, many monetary and non-monetary measures are being taken up. However, being a sick company referred to BIFR, there has not been any recruitment since 2001-02 onwards. For bridging identified skill gaps at different levels, the process for recruitment of fresh executives has just started and similar exercise will be taken up for the other cadres during 2010-11.
- In line with the growth agenda, the company will be strengthening its Engineering and Technology capability for BFBC, HRSG and Fossil Boilers with the cooperation of BHEL Tiruchirapalli. Other areas of cooperation between BHPV and BHEL are also being worked out in consultation with the business sectors and manufacturing units of BHEL.

AS PER MOU 2010-11 THE TARGETTED PERFORMANCE PARAMETERS :

Order Booking	:	Rs. 342.00 Crore
Sales / Turnover	:	Rs. 231.00 Crore
Production	:	Rs. 231.00 Crore
Profit before Tax	:	Rs. (-) 25.66 Crore

RISKS AND CONCERNS.

- Up-gradation of manufacturing facilities for existing and diversified business and requirement of Capex for the same.
- Speedy completion of existing projects to gain customer confidence.
- Implementation of better compensation package and extending of all benefits on par with other public sector organizations in and around Visakhapatnam to improve employees' morale.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.

The company has an Internal Audit Department for conducting the audit with defined Audit Programme. The Internal Audit function is headed by Sr.Manager and reports to the Managing Director. The Company has formed an Audit Committee of Directors and the functions of Internal Audit are being periodically reviewed and corrective actions are taken for continuous improvement. The Vigilance Department deals with vigilance and disciplinary cases. Statutory Auditors conduct the Audit of Annual Accounts. C&AG carries out proprietary Audit, in addition to supplementary check of Annual Accounts.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.

The total number of employees, as at the end of March 2010, was 1250 as against 1370 at the beginning of the year. For Human Resource Development and as a part of welfare measures, various training programs as mentioned below were organized:

1) In-Company training programs:

The company conducted 9 in-company-training programs covering 272 employees. The programs covered 120 executives, 20 supervisors, & 132 workers. These programs include, training program on the eve of Hindi Day on 14-09-09, Vigilance Awareness Week during 03/11/09 to 07/11/09 & Safety Day on 04/03/2010. Talks were arranged by eminent persons from Local Bodies / Industries during these programmes. H.R related programmes such as Quality of Life, Supervisory Development & Work Life Balance were conducted by Central Board of workers education for our employees as well as their spouses.

2) Outstation training programs:

41 employees were sponsored to 21 outstation training programs during the year covering 36 executives, 3 Supervisors and 2 Workers. These programmes were about Reservation policy, Vigilance, Administration, Corporate Social Responsibility, Total Cost Management, Taxation, Advanced Welding Techniques, Aluminum Welding Procedures, Non Destructive Evaluation, etc.

Industrial Relations in the organization continued to be harmonious and cordial and no man-days were lost either due to strike or lockouts during the year. Participative culture is being encouraged through various participatory bodies and the discussions in the bodies contribute towards improving work culture, industrial relations, productivity and resolving differences.

CORPORATE PLANNING:

As per the MoU 2010-11 with BHEL, Corporate Planning Division will develop the Road Map for implementation of revival package as per the DRS approved by BIFR.

STATUS OF EMPLOYMENT AND RESERVATION OF PH/SC/ST/EX-SERVICEMEN/OBC CATEGORIES

- The instructions / guidelines issued by the Government of India from time to time in respect of reservations to PH / SC / ST / Ex-Servicemen / OBC categories are being regularly followed by the Company.
- The Annual Statement in the prescribed format showing the representation of SCs, STs and OBCs as on 01.01.2010 and number of appointments made during the preceeding

calendar year, as furnished to the Government, is given at Annexure-A.

MANPOWER STRENGTH OF PHYSICALLY CHALLENGED EMPLOYEES AS ON 01.01.2010

- Presently we have a total of 25 Physically Challenged Employees as on 01.01.2010. The group-wise manpower in the Company as on 01.01.2010 is given at Annexure-B.

CORPORATE SOCIAL RESPONSIBILITY

As a socially conscious Corporate Citizen, the Company is making efforts to contribute to the Society in the areas of Community Development and Environment Protection. Blood Donation camps were conducted in association with the Indian Red Cross Society. The Company is providing concessional education in English Medium and Special Care School and contributing towards development in and around the plant particularly in the areas of health care and pollution control. A committee was formed for creating awareness among employees on HIV/AIDS & TB control.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis report describing the Company's objectives, projections, expectations and assumptions may be forward-looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could affect the operations of the Company include economic conditions affecting demand/supply, price conditions in the domestic and international markets, Government policies and regulations, statutes, labour relations and other incidental factors.

ANNEXURE - A

Annual Statement Showing the Representation of SCs, STs and OBCs as on 01/01/2010 and No. of appointments made during the preceding calendar year 2009.

Group	Representatives of SCs/STs/OBCs (As on 01/01/2010)				No. of appointments made during the calendar year									
					By Direct Recruitment				By Promotion			By Other Methods		
	Total No. of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
Group - A	273	44	6	28	—	—	—	—	20	4	1	—	—	—
Group - B	347	67	52	48	—	—	—	—	36	9	1	—	—	—
Group - C	568	90	45	162	—	—	—	—	2	—	—	—	—	—
Group - D	93	13	—	27	—	—	—	—	—	—	—	—	—	—
Group - D (Exc. SW)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Group - D(SW)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1281	214	103	265	—	—	—	—	58	13	2	—	—	—

ANNEXURE - B

REPRESENTATION OF THE PERSONS WITH DISABILITIES

Groups	No. of employees (Representation)				Direct recruitment during the Calendar 2009								Promotion							
					No. of vacancies Reserved			No. of vacancies made (Appointed)					No. of vacancies Reserved			No. of vacancies made (Appointed)				
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH		
Group - A	273	—	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Group - B	347	—	1	6	—	—	—	—	—	—	—	—	—	—	3	1	—	2		
Group - C	568	2	4	9	—	—	—	—	—	—	—	—	—	—	1	—	—	1		
Group - D	93	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Total	1281	2	5	18	—	—	—	—	—	—	—	—	—	—	4	1	—	3		

(i) VH stands for Visually Handicapped (persons suffering from blindness or low version)

(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)

ANNEXURE – 2 TO THE DIRECTORS' REPORT

Corporate Governance Report

Preamble:

Adoption of best ethical business practices in the Company within the frame work is the essence of good Corporate Governance. It is about commitment to values, ethical business conduct and transparency in the management of a Company. It deals with issues of accountability and fiduciary responsibility, advocating implementation of guidelines and mechanism to ensure good corporate behavior and to protect the interests of the stakeholders such as investors, customers, employees, Government, vendors and the Society at large.

Philosophy:

The Company strongly believes that good Corporate Governance practices in the long run leads to creation of wealth for all who are associated with the Company. The Company has consistently sought to improve its focus on increasing transparency and accountability. As a responsible citizen and a public Authority the Company provides appropriate access to information to the citizens of India under the provisions of the Right to information Act, 2005 (RTI Act).

Board of Directors:

The Board was comprising of four Directors up to 31-10-2009. The then Managing Director Shri Om prakash has resigned and relieved from the post on 31-10-2009. During the year, the Board is reconstituted by inducting 3 whole time/functional Directors & one part time chairman, resulted increase in total number of Directors to 7. The Two independent Directors Shri V. Bakthavatsalam & Shri probir Roy completed their tenure of appointment of 3 years on 13-03-2010 & 18-03-2010 respectively. The Board as on 31-03-2010 is having 5 Directors. The Directors shall not require to hold any qualification shares. The appointment of Directors of the Company is made by the President of India.

The terms & conditions of the appointment including the remuneration of all the Whole time/Functional Directors will be issued by the Government of India. The Independent Directors are paid sitting fees as per the guidelines given by Department of Heavy Industries for attending each meeting of the Board / Committee(s) and reimbursed actual expenditure for attending the meetings of the Board / Board committee(s). The Board meets regularly and is responsible for proper direction and management of the company.

General Body Meetings

Details of last 3 Annual General Meetings:-

Financial year	Date and Time of AGM	Location
2006-07 (41st AGM)	September 26th, 2007 at 4.00 PM	BHPV Board Room, Visakhapatnam
2007-08 (42nd AGM)	December 24th, 2008 at 10.00 AM	-do-
2008-09 (43rd AGM)	September 8th, 2009 at 3.30 PM	The Park Hotel, Visakhapatnam

During the year 4 Board Meetings were held and details showing the Attendance of Directors during the year 2009-10 are given below:

S. No.	Name of Directors	Category / Period	Number of Board Meetings during tenure	Meetings Attended	Whether attended AGM	No. of other Directorships held
1	Shri B.P.Rao	Chairman / From 24-10-2009 FN	2	2	-	3
2	Shri Om Prakash	MD / From 22.12.2005 Up to 31-10-2009	2	2	Yes	NIL
3	Shri S.S. Gupta	MD From 31.10.2009 FN	2	2	-	NIL
4	Shri R.P. Goyal	Part time Official (Govt Director)/ From 23.02.2008 Up to 17-08-2009	1	1	-	NIL

5	Shri Shashank Goel	Part time Non-Official (Govt Director)/ From 17-08-2009	3	3	Yes (chairman of the meeting)	5
6	Shri P.V. Sridharan	Director (HR) / From 09-11-2009 FN	2	2	-	NIL
7	Shri A.S. Nagaraja	Director (Operations) / From 20-11-2009 FN	2	2	-	NIL
8	Dr V.Bakthavatsalam	Part time Non-Official (Independent) / From 14-03-2007 till 13-03-2010	4	2	Yes	3
9	Shri Probir Roy	Part time Non-Official (Independent) / From 19-03-2007 till 18-03-2010	4	NIL	-	5

Audit Committee:

Due to re-appointment of Shri R.P. Goyal as part time official Director representing the Government of India, Department of Heavy Industries from 23.02.2009 on the Board in place of Shri B.B. Singh, the Audit Committee was reconstituted. During the year after the Audit committee meeting of 15-05-2009, the Audit committee was reconstituted due to appointment of Shri Shashank Goel as part time official Director representing the Government of India, Department of Heavy Industries from 17-08-2009 on the Board in place of Shri R.P.Goyal. Due to reconstitution of Board and induction of 3 whole time/functional Directors and one part time Chairman on the Board, the Audit Committee was again reconstituted in 187th Board meeting. Two meetings of the Audit committee were held during the year under review. The Annual Accounts of 2009-10 were placed before the Audit committee to approve & recommend to the Board of Directors of the Company for approval in its meeting held on 11-05-2010.

The role and powers of the Audit Committee briefly are to review the reports of the Internal Auditors, review of pending IR Paras issued by Govt. Audit, meeting the Statutory Auditors and discuss their findings, suggestions and other related matters and review major accounting policies followed by the company and Annual Financial statements before submission to the Board of Directors of the Company and have authority to investigate into any matter referred to it by the Board.

Subsidiary Companies:

The Company is fully owned subsidiary of BHEL. BHPV does not have any subsidiary company.

Plant Location:

M/s Bharat Heavy Plate & Vessels Ltd,
Nathayapalem,
Visakhapatnam-530 012, (Andhra Pradesh)

Disclosures:

There was no materially related party transactions of the company with its Directors or the Management or his relative, a firm in which such a Director or relative is a partner etc. that may have conflict with the interests of the company attracting the provisions of Sec.297 of the Companies Act. The Company is ensuring to make appropriate disclosures, comply with various laws to maintain ethical standards.

Statutory compliance Report together with the status of the statutory dues is being placed before the Board regularly. During the year, presidential directives issued by the Government of India have been complied with by the Company.

During the year, no expenditure is debited to the books and accounts which are not for the purpose of business expenditure and no expenses which are of personal nature have been incurred for the Board of Directors and Top Management.

As the Company is a non-listed Central Public Sector Enterprise the requirements of the SEBI and Stock Exchanges or provisions of the listing are not applicable. However, during the year under review, the company complied with all the requirements of Subsidiary company, as the Company is 100%, subsidiary of BHEL.

The Company communicates major achievements and important events taking place in the company through press, electronic media. The company is also hosting the information on its web-site. The Company does not have strictly the mechanism of whistle blower policy. However no personnel/employee having any grievance has been denied access to the Audit Committee. Being a Government company, the records of the company are open for Audit of C & AG and for inspections by Vigilance / CBI etc.

MURTHY ASSOCIATES
CHARTERED ACCOUNTANTS

Ph : 0891-2535874, 3256696
5512576, Telefax : 2755366

102, Lakshmi Apartments, FACOR Layout, Waltair Uplands, Visakhapatnam - 530 003

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To
The Members,
M/s Bharat Heavy Plate & Vessels Ltd,
Visakhapatnam.

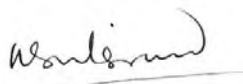
We have examined the compliance of the conditions of the Corporate Governance by M/s. Bharat Heavy Plate & Vessels Ltd, (the company) for the year ended 31st March, 2010 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises, 2007' vide Notification No. 18 (8)/2005-GM dated: 22.06.2007 of Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures mentioned there under (herein after referred as Guidelines) introduced for unlisted Central Public Sector Enterprise.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in above mentioned 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 hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Guidelines.

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

For MURTHY ASSOCIATES
Chartered Accountants.



(CA. K.L. NARASIMHAM)
Partner
M. No. 023694

Place: New Delhi
Date: 11-05-2010

PAN : AACFM0015F, Service Tax No. : AACSM0015FST001
E-mail : klnfca@gmail.com, ksmk01@yahoo.com, subrahmanyam_fca2005@yahoo.com

AUDITORS' REPORT

ANNEXURE – 3

To the Members of Bharat Heavy Plate and Vessels Limited

We have audited the attached Balance Sheet of Bharat Heavy Plate and Vessels Limited as at 31st March, 2010 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1946, we report that:

- I. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India under sub-section (4A) of Section 227 of the Companies Act, 1956 and 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub Section (3C) of Section 211 of the Companies Act, 1956; subject to the following observations
 - i) *The provision of Liability towards Leave Encashment was made on accrual basis treating as short term liability instead of valuing the same on actuarial valuation. (Refer point no.18 of Schedule 19)*
 - (e) In terms of Notification No. GSR 829(E) dated 21-10-2003 issued by the Department of Company Affairs, Government of India, the provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Company.

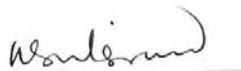
MANAGEMENT REPLY

Leave Liability is provided on accrual basis treating it as short term benefit in line with the requirements of AS 15 (R) and is being consistently followed.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Explanatory Notes in Schedule-19, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- (ii) In the case of Profit & Loss Account of the loss for the year ended on that date; and
- (iii) In the case of cash flow statements of the cash flows for the year ended on that date.

For **MURTHY ASSOCIATES**

Chartered Accountants



K.L.NARASIMHAM

Partner

M.No.023694

Date: 11 May 2010

Place: New Delhi

PAN : ACOPK0690A

Annexure to the Auditors' Report

(Referred to in Para I of our report of even date)

- i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) We are informed that management has generally carried out the physical verification of a portion of the fixed assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification.
- (c) The company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii) (a) As explained to us physical verification of inventory has been conducted by the management under Perpetual Inventory Programme at regular intervals during the year except for stock of work in progress and finished goods at few work site offices, where these are verified at the year end with reference to the inspection reports and

production reports of the Erection Department. In regard to stocks lying with contractors/ fabricators and other parties, confirmations were received in a few cases only. In our opinion the frequency of verification is reasonable.

- (b) In our opinion procedures of Physical verification of Inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company has maintained proper records of inventory and the discrepancies noticed on physical verification of inventory with regard to the size and nature of operation of the company were not material and have been properly dealt with in the books of account of the Company.
- iii) (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.

- (b) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(f) to (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. Further on the basis of our examination of the books and records of the company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control systems.
- v) According to the information and explanation given to us, we are of the opinion that there are no contracts and arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that Section. Accordingly, clause (v) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the company for the current year.
- vi) According to the information and explanation given to us, the company has not accepted any deposits from public during the year within the meaning of sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules 1975 framed there under.
- vii) In our opinion, the Internal Audit System of the Company is to be strengthened with the size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of the Company's nature of business.
- ix) (a) According to the information and explanation given to us, and books and records as produced and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise

Duty, Customs Duty, Cess and any other material statutory dues as applicable with appropriate authorities.

According to the information and explanation given to us, there are undisputed amounts payable in respect of Income Tax, Sales Tax/VAT, Service Tax, Excise Duty, Customs Duty, Cess and other statutory dues outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable

Sl. No.	Name of the Statute	Nature of the Dues	Amount (Rs. in Crore)
1.	WCT Payments pending as on 31.03.2010 which are outstanding for a period more than 6 months.	Monthly return dues	4.52
Total			4.52

Management Reply :

Being a sick company, referred to BIFR vide ref 503/2004, the company is facing acute shortage of funds, due to which, some of the payments could not be made. However, the company requested Maharashtra Sales Tax Authorities for accepting the dues in instalments, which was agreed by them.

- (b) According to the information and explanation given to us, the particulars of Sales Tax, Income Tax, Excise Duty, Service Tax, Customs Duty and Cess which have not been deposited on account of dispute are as under.

Sl. No.	Name of the Statute	Nature of the Dues	Amount (Rs. in Crore)	Forum where dispute is pending
1.	Central Sales Tax Act., & Works Contract Tax Act.	Sales Tax & Works Contract Tax	4.14 1.10 0.26	1 st Appellate Authority/ Dy. Commissioner / Commissioner Tribunal High Court/ Supreme Court
2.	Income Tax Act, 1961	Income Tax	6.45	ITAT, Visakhapatnam
3.	Central Excise Act, 1944	Excise duty	3.15 101.55	Commissioner (Appeals) CESTAT, Bangalore
4.	Service Tax under the Finance Act, 1994	Service Tax	18.97	Commissioner (Appeals)
TOTAL			135.62	

- x) The company has accumulated losses amounting to Rs.27235.29 Lakh as at March 31, 2010 and it has incurred cash losses Rs. 733.89 Lakh in the financial year ended on that date and has not incurred any cash loss in the immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders. However, the company has not yet redeemed Bonds issued during the year 1998-99.

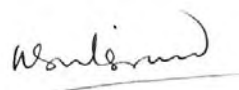
Management Reply :

Being a sick company, referred to BIFR vide ref 503/2004, the company is facing acute shortage of funds, due to which, some of the payments could not be made.

- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to Chit Fund/ Nidhi /Mutual benefit fund/Societies are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) As per information and explanation given to us, the company has not obtained any term loan during the year.

- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) In our opinion, the company has not issued any debentures during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) 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, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor have we been informed of any such case by the management.

For **MURTHY ASSOCIATES**
Chartered Accountants



K.L.NARASIMHAM
Partner
Membership No. 023694
PAN : ACOPK0690A

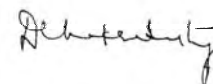
Dt. 11 May 2010
New Delhi

Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Bharat Heavy Plate & Vessels Limited, Visakhapatnam for the Year Ended 31st March 2010

The preparation of financial statements of Bharat Heavy Plate & Vessels Limited, Visakhapatnam for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11 May 2010.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Bharat Heavy Plate & Vessels Limited, Viskhapatnam for the year ended 31 March 2010. This supplementary audit has been carried out independently and is limited primarily to inquiries of the statutory auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor report under Section 619 (4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India

A handwritten signature in black ink, appearing to read 'Dolly Chakrabarty', is positioned above the printed name.

(DOLLY CHAKRABARTY)

**Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board, Hyderabad**

**Place : Hyderabad
Date : 28 June 2010**

Significant Accounting Policies

1 Basis of preparation of Financial Statements

The financial statements have been prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

2 Fixed Assets

- a) Fixed assets (other than land acquired free from State Government) are carried at the cost of acquisition or construction or book value less accumulated depreciation.
- b) Cost includes value of internal transfers for capital works, taken at actual/ estimated factory cost or market price, whichever is lower. Effect of extraordinary events such as devaluation / revaluation in respect of long term liabilities / loans utilised for acquisition of fixed assets is added to / reduced from the cost.
- c) Land acquired free of cost from the State Government is valued at Re.1/- except for that acquired after 16th July 1969, in which case the same is valued at the acquisition price of the State Government concerned, by corresponding credit to capital reserve.

3 FINANCE LEASE

(A) Assets Given on Lease

- i) Assets manufactured and given on finance lease are recognised as sales at normal sale price / fair value / NPV.
- ii) Finance income is recognised over the lease period.
- iii) Initial direct costs are expensed at the commencement of lease.

(B) Assets Taken on Lease

- i) Assets taken on lease are capitalised at fair value / NPV / contracted price.
- ii) Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on 'Depreciation'. If the lease assets are returnable to the lessor on expiry of lease period, the same is

depreciated over its useful life or lease period, whichever is shorter.

- iii) Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

OPERATING LEASE

i) Assets Given on Lease:

Assets manufactured and given on operating lease are capitalised. Lease income arising therefrom is recognised as income over the lease period.

ii) Assets Taken on Lease:

Lease payments made for assets taken on operating lease are recognised as expense over the lease period.

4 Intangible Assets

Intangible Assets are capitalised at cost if.

- a) It is probable that the future economic benefits that are attributable to the asset will flow to the company.
- b) The company will have control over the assets and,
- c) The cost of these Assets can be measured reliably and is more than Rs. 10,000/-.

Intangible assets are amortised over their estimated useful lives not exceeding three years in case of software and not exceeding ten years in case of others on a straight line pro-rata monthly basis.

- (i) Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.
- (ii) Expenditure incurred on Development including the expenditure during the development phase of Research & Development Project meeting the criteria as per Accounting Standard on Intangible Assets, is treated as intangible asset.
- (iii) Fixed assets acquired for purposes of Research and Development are capitalised.

5 Borrowing Costs

- Borrowing costs that are attributable to the manufacture, acquisition or construction of qualifying assets, are included as part of the cost of such assets.
- A qualifying asset is one that necessarily takes more than twelve months to get ready for intended use or sale.
- Other borrowing costs are recognised as expense in the period in which they are incurred.

6 Depreciation

- Depreciation on fixed assets (other than those used abroad under contract) is charged upto the total cost of the assets on straight-line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956, except where depreciation is charged at rates determined on the basis of the technically assessed estimated useful lives shown hereunder:-

	Single Shift	Double Shift	Triple Shift
General Plant & Machinery	8 %	12%	16%
Automatic/Semi-Automatic machines			
Automatic Machines	10 %	15%	20%
Erection Equipment, Capital Tools Tackles	20 %		
<u>Township Buildings</u>			
– Second Class	2.5 %		
– Third Class	3.5 %		
Railway Sidings	8%		
Locomotives & wagons	8%		
Electrical Installations	8%		
Office & Other equipments	8%		
Drainage, Sewerage & water supply	3.34 %		
Processing Equipment	20%		

In respect of additions to/deductions from the fixed assets, depreciation is charged on pro-rata monthly basis.

- Fixed assets used outside India pursuant to long term contracts are depreciated over the duration of the initial contract.
- Fixed assets costing Rs.10,000/- or less and those whose written down value as at the beginning of the year is Rs.10,000/- or less, are depreciated fully. In so far as township buildings are concerned, the cost per tenement is the basis for the limit of Rs.10,000/-.
- At erection/project sites: The cost of roads, bridges and culverts is fully amortized over the tenure of the contract, while sheds, railway sidings, electrical installations and other similar enabling works (other than purely temporary erections, wooden structures) are so depreciated after retaining 10% as residual value.
- Purely Temporary Erection such as wooden structures are fully depreciated in the year of construction.
- Leasehold Land and Buildings are amortised over the period of lease. Buildings constructed on land taken on lease are depreciated over their useful life or the lease period, whichever is earlier.

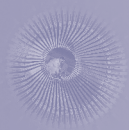
7 Investments

- Long-term investments are carried at cost. Decline, other than temporary, in the value of such investments, is recognised and provided for.
- Current investments are carried at cost or quoted/fair value whichever is lower. Unquoted current investments are carried at cost.
- The cost of investment includes acquisition charges such as brokerage, fees and duties.

Any reduction in the carrying amount & any reversals of such reductions are charged or credited to the Profit & Loss Account.

8 Inventory Valuation

- Inventory is valued at actual/estimated cost or net realisable value, whichever is lower.
- Finished goods in Plant and work in progress are valued at actual/estimated factory cost or at 97.5% of the realisable value, whichever is lower.



- iii) In respect of valuation of finished goods in plant and work-in-progress, cost means factory cost : actual/estimated factory cost includes excise duty payable on manufactured goods.
- iv) In respect of Raw Material , components, loose tools, stores and spares cost means weighted average cost.
- v) a. For Construction contracts entered into on or after 01.04.2003:
Where current estimates of cost and selling price of a contract indicates loss, the anticipated loss in respect of such contract is recognised immediately irrespective of whether or not work has commenced.
- b) For all other contracts:
Where current estimates of cost and selling price of an individually identified project forming part of a contract indicates loss, the anticipated loss in respect of such project on which the work had commenced, is recognised.
- c) In arriving at the anticipated loss, total income including incentives on exports/ deemed exports is taken into consideration.
- (vi) The components and other materials purchased / manufactured against production orders but declared surplus are charged off to revenue retaining residual value based on technical estimates.

9 Revenue Recognition

Sales are recorded based on the significant risks and rewards of ownership being transferred in favour of the customer. Sales include goods dispatched to customers by partial shipment.

- A. For construction contracts entered into on or after 1.04.2003
Revenue is recognised on percentage completion method based on the percentage of actual cost incurred upto the reporting date to the total estimated cost of the contract
- B. For all other contracts.

- (i) Recognition of Sales revenue in respect of long production cycle items is made on technical estimates. When the aggregate value of shipments represents 30% or more of the realisable value, they are considered at 97.5% of the realisable value or in it's absence, the quoted price. Otherwise, they are considered at actual/estimated factory cost or 97.5% of the realisable value, whichever is lower. The balance 2.5% is recognised as revenue on completion of supplies under the contract.
- (ii) Income from erection and project management.
Percentage of completion or the intrinsic value, reckoned at 97.5% of contract value, balance 2.5% is recognised as income when the contract is completed.
- (iii) Income from Engineering services rendered is recognised at realisable value based on percentage of work complete.
- (iv) Income from supply/erection of non-BHPV equipments/systems and civil works is recognised based on dispatches to customer/work done at project site.

10 Accounting for Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

11 Employee Benefits

Earned leave, Provident Fund and Employees' Family Pension Scheme contributions are accounted for on accrual basis. Liability for gratuity, travel claims on retirement are accounted for in accordance with actuarial

valuation. The actuarial liability is determined with reference to employees at the beginning of each calendar year. Compensation under Voluntary Retirement Scheme is charged off in the year of incurrence on a pro-rata monthly basis.

12 Claims by/against the Company

- (i) Claims for liquidated damages against the Company are recognised in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.
- (ii) Claims for export incentives / duty draw backs / duty refunds and insurance claims etc. are taken into account on accrual.
- (iii) Amounts due in respect of price escalation claims and/or variations in contract work are recognised as revenue only when there are conditions in the contracts for such claims or variations and /or evidence of the acceptability of the same from customers. However, escalation is restricted to intrinsic value.

13 Provision for Warranties

- i) For construction contracts entered into on or after 01.04.2003:
Provision for contractual obligations is maintained at 2.5% of the contract

value on completion of trial operation/ commissioning.

- ii) For all other contracts:

Provision for contractual obligations in respect of contracts under warranty at the year end is maintained at 2.5% of the value of contract. In the case of contracts for supply of more than a single product 2.5% of the value of each completed product is provided.

- (iii) Warranty claims/ expenses on rectification work are accounted for against natural heads as and when incurred and charged to provisions in the year end.

14 Government Grants

Government Grants are accounted when there is reasonable certainty of their realisation.

Grants related to fixed depreciable assets are adjusted against the gross cost of the relevant assets while those related to non-depreciable assets are credited to capital reserve. Grants related to revenue, unless received as compensation for expenses/losses, are recognised as revenue over the period to which these are related on the principle of matching costs to revenue.

Grants in the form of non-monetary assets are accounted for at the acquisition cost, or at nominal value if received free.

Balance Sheet as at March 31, 2010

(Rs. in Lakh)

	Schedule No.	AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	3379.78	3379.78
Funds from Head Office	1A	0.00	0.00
Inter Division Accounts (Cr Balance)	1B	0.00	0.00
Funds to & from Corp. office - CCC A/c (Cr bal)	1D	0.00	0.00
Reserves & Surplus	2	2.01	2.01
Loan Funds:			
Secured Loans	3	183.11	160.78
Unsecured Loans	4	26897.64	23678.90
Deferred Tax liability	19B	0.00	0.00
TOTAL		30462.54	27221.47
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	8063.56	7999.43
Less: Depreciation / Amortization to-date		7602.65	7476.85
		460.91	522.58
Add/ Deduct: Lease Adjustment Account		0.00	0.00
Less: Impairment Loss		0.00	0.00
Net Block		460.91	522.58
Capital works-in-progress	6	0.00	0.00
Investments	7	1.31	1.31
Inter Division Accounts (Dr Balance)	1C	0.00	0.00
Funds to & from Corp. office - CCC A/c (Dr bal)	1E	0.00	0.00
Deferred Tax Assets	19B	0.00	0.00
Current Assets, Loans & Advances			
Current Assets	8		
Inventories		4569.06	5347.82
Sundry Debtors		9320.91	6536.86
Cash & Bank balances		1564.04	440.69
Other Current Assets		0.00	0.00
Loans & Advances	9	7213.09	7932.70
		22667.10	20258.07
Less: Current Liabilities and provisions			
Current Liabilities	10	17792.52	18286.70
Provisions	11	2109.55	1649.39
		19902.07	19936.09
Net Current Assets		2765.03	321.98
Misc. Exp (the extent not written off)		0.00	0.00
Profit and Loss Account Balance		27235.29	26375.60
TOTAL		30462.54	27221.47

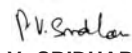
Notes to Accounts:

19, 20

Schedules 1 to 11, 19, 20 & Significant accounting policies form an integral part of the Balance Sheet.


A.S.S. SARMA
Company Secretary


A.V. MANIKYA RAO
General Manager (Fin)


P.V. SRIDHARAN
Director (HR)


S.S. GUPTA
Managing Director

As per our report of even date

For MURTHY ASSOCIATES
Chartered Accountants


K.L. NARASIMHAM

Partner

Membership No. 023694

Place: New Delhi

Date: 11.05.10

Profit & Loss Account for the year ended 31st March, 2010

(Rs. in Lakh)


	Schedule No.	For the year ended 31.03.2010	For the year ended 31.03.2009
EARNINGS			
Turnover (Gross)	12	10431.32	8439.45
Less: Excise Duty & Service Tax		700.28	795.41
Turnover (Net)		9731.04	7644.04
Other Income	12A	529.32	647.08
Accretion(+)/Decretion(-) to WIP and FG	13	-1052.14	597.78
Transfers out to other Divisions	14A	0.00	0.00
Allocation of Exp to other Divisions (Cr Bal)		0.00	0.00
		9208.22	8888.90
OUTGOINGS			
Consumption Materials, Erection & Engg Exp	14	4853.58	6262.71
Employees' Remuneration & Benefits	15	4394.84	8784.50
Other Expenses of Manufacture, Administration, Selling and Distribution	16	838.63	818.90
Provisions	17	14.45	4320.53
Interest and Other Borrowing Costs	18	-268.09	1103.64
Depreciation & Amortisations & Impairment	5	125.80	848.29
Less: Jobs done for internal use		0.00	0.00
		9959.21	22138.57
Profit (loss) before prior period items & Extra-ordinary items		-750.99	-13249.67
Income / Expenditure from Extra-ordinary items	18A	0.00	23008.28
Profit (loss) before prior period adjustments		0.00	-65.36
Add/ (Less) Prior Period Items (Net)	18B	0.00	0.00
Profit / Loss before Tax		-750.99	9693.25
Less Provision for Taxation	18C		
For Current Year		0.34	0.32
(Incl. Wealth Tax Rs. 0.34 Lakh (Pr. Year Rs. 0.32 Lakh))			
- Fringe Benefit Tax		0.00	23.11
- Deferred Tax		0.00	0.00
For earlier years			
- Tax		108.36	34.30
Profit / Loss after Tax		-859.69	9635.52
Add: Balance of Profit / Loss brought forward from last year		-26375.60	-58491.45
Foreign project reserve brought back		0.00	0.00
Less: Adj. to PL A/c bal on account of GOI loan waiver		0.00	22480.33
Adjusted PL A/c Balance		-26375.60	-36011.12
Profit / Loss available for appropriation		-27235.29	-26375.60
Less: Appropriation			
-Foreign Project Reserve		0.00	0.00
-Bonds Redemption Reserve		0.00	0.00
-General Reserve		0.00	0.00
-Dividend (incl. Interim dividend of Rs. Nil Previous Yr Rs. Nil)		0.00	0.00
-Corporate dividend tax (incl Rs. Nil Previous Yr Rs. Nil)		0.00	0.00
Balance carried to Balance Sheet		-27235.29	-26375.60

Notes to Accounts:

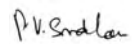
19, 20

Schedules 5, 12 to 20 & Significant accounting policies form an integral part of the Profit & Loss Account.

For and on behalf of Board of Directors

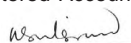

A.S.S. SARMA
 Company Secretary


A.V. MANIKYA RAO
 General Manager (Fin)


P.V. SRIDHARAN
 Director (HR)


S.S. GUPTA
 Managing Director

 As per our report of even date
For MURTHY ASSOCIATES
 Chartered Accountants


K.L. NARASIMHAM
 Partner
 Membership No. 023694

 Place: New Delhi
 Date: 11.05.10

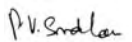
Cash Flow Statement for the year ended March 31, 2010


(Rs. in Lakh)

DETAILS	For the year ended 31.03.2010	For the year ended 31.03.2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year	-859.69	9635.52
Adjustments for		
Depreciation charge for the year	125.80	848.30
Increase/Decrease in inventory	778.76	-499.92
Decrease in Loans & advances	719.61	3106.44
Increase/Decrease in Debtors	-2784.05	3004.60
Increase/Decrease in Deferred Revenue Expenditure	0.00	2563.87
Increase/Decrease in Liabilities	-494.18	-95.46
Increase/Decrease in Provisions	460.16	-157.51
Total	-1193.90	8770.32
A Net cash flow from Operating Activities	-2053.59	18405.84
Cash flow from Investing Activities		
Purchase of Fixed Assets	-64.13	-22.31
Increase/Decrease in investments	0.00	0.00
B Net cash used in Investing Activities	-64.13	-22.31
Cash flow from Financing Activities		
Increase/ Decrease in Secured Loans	22.33	-21654.46
Increase/ Decrease in Unsecured Loans	3218.74	-19354.28
Waiver of GOI Loan	0.00	22480.33
C Net Cash generated from Finance Activities	3241.07	-18528.41
Net increase in cash and cash equivalents	1123.35	-144.88
Cash and cash equivalents as at 1st April, 2009	440.69	585.57
Cash and cash equivalents as at 31st March, 2010	1564.04	440.69


A.S.S. SARMA
Company Secretary


A.V. MANIKYA RAO
General Manager (Fin)

For and on behalf of Board of Directors

P.V. SRIDHARAN
Director (HR)


S.S. GUPTA
Managing Director

As per our report of even date
For MURTHY ASSOCIATES
Chartered Accountants


K.L. NARASIMHAM

Partner

Membership No. 023694

Place: New Delhi
Date: 11.05.10

Schedule-1

Share Capital

(Rs. in Lakh)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
Authorised :		
3,50,000 Equity Shares of Rs.1,000/- each	3500.00	3500.00
Issued, Subscribed and paid up :		
3,37,978 (Previous year 3,37,978) Equity Shares of Rs.1,000 each fully paid up (All the 3,37,978 Equity Shares of Rs.1,000/- each are held by the Holding Company, M/s. Bharat Heavy Electricals Limited, New Delhi and its nominee).	3379.78	3379.78
TOTAL	3379.78	3379.78

Schedule-1A - 1E

(Rs. in Lakh)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
1A. Funds from Head Office		
1B. Inter Division Account (Credit Balance)		
1C. Inter Division Account (Debit Balance)		
1D. Funds to & from Corporate Office under Central Cash Credit A/c (Credit Balance)		
1E. Funds to & from Corporate Office under Central Cash Credit A/c (Debit Balance)		
TOTAL	0.00	0.00

Schedule-2

Reserves & Surplus

(Rs. in Lakh)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
Capital Reserve		
Opening Balance	2.01	2.01
Add: Additions / Adjustments	0.00	0.00
Less: Deductions / Adjustments	0.00	0.00
Share Premium A/c	2.01	2.01
Foreign Project Reserve		
Opening Balance		
Add: Additions / Adjustments		
Less: Deductions / Adjustments		
Bond Redemption Reserve		
Opening Balance		
Add: Additions / Adjustments		
Less: Deductions / Adjustments		
General Reserve		
Opening Balance		
Add: Additions / Adjustments		
Less: Deductions / Adjustments		
Profit & Loss Account		
TOTAL	2.01	2.01

Schedule-3

Secured Loans

(Rs. in Lakh)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
LOANS AND ADVANCES FROM BANKS		
Cash Credit (Cr Balance)	0.00	0.00
(secured by hypothecation of raw materials, components, stores & spares, WIP, FG, book debts and other current assets)		
Packing Credit	0.00	0.00
(secured by hypothecation of raw materials, components, WIP, FG and stores)		
New Bill Market scheme	0.00	0.00
(secured by hypothecation of raw materials, components, WIP, FG and stores and demand bills)		
OTHER LOANS AND ADVANCES		
Debentures / Bonds (Sahara)	0.00	0.00
Loans from State Governments		
Loans from Financial Institutions		
INTEREST ACCRUED AND DUE ON		
From State Governments		
From Financial Institutions / Bonds / Others	183.11	160.78
Debentures / Bonds (Sahara)		
Packing Credit		
TOTAL	183.11	160.78

Schedule-4

Unsecured Loans

(Rs. in Lakh)

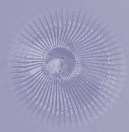
	AS AT 31.03.2010	AS AT 31.03.2009
SHORT TERM LOANS & ADVANCES		
From Banks		
- Commercial Papers		
From Others		
- Companies (BHEL)	25154.23	21589.23
- Financial Institutions		
OTHER LOANS & ADVANCES		
From Banks		
- Post Shipment Credit		
From Others		
- From Govt. of India	0.00	0.00
(due within one yr Rs lakh (previous yr Rs Lakh)		
- From State Govt.		
- Financial Institutions		
(due within one yr Rs lakh (previous yr Rs Lakh)		
- From Foreign Financial Institutions		
(guaranteed by Govt. of India)		
(due within one yr Rs lakh (previous yr Rs Lakh)		
- Post shipment credit - EXIM Bank		
- Credit for assets taken on lease		
- Others (Old Misc Bonds)	455.50	481.50
INTEREST ACCRUED AND DUE ON		
- Post shipment credit		
- Government Loans	0.00	0.00
- State Government Loans		
- Credit for assets taken on lease		
- Financial Institutions / others		
- Foreign Financial Institutions		
- Public Deposits		
- Companies (BHEL)	0.00	558.12
- Others (Old Misc Bonds)	1287.91	1050.05
TOTAL	26897.64	23678.90

Schedule-5

Fixed Assets

(Rs. in Lakh)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 31.03.2009	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total Cost As at 31.03.2010	Depn. Opening Bal. as at 01.04.2009	Depn. for the Year	Leas Adjustment A/c	Accumulated Depreciation at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Factory / Office Complex										
Free Hold land (incl dev exp)	16.41	0.00	0.00	16.41	0.00	0.00		0.00	16.41	16.41
Lease Hold land (incl dev exp)										
Roads, Bridges, Culverts	0.00	24.82	0.00	24.82		16.32		16.32	8.50	0.00
Buildings	1004.56	-25.13	0.00	979.43	857.37	0.51		857.88	121.55	147.19
Leasehold Buildings										
Drainage, sewerage, water supply	44.23	0.00	0.00	44.23	34.25	0.95		35.20	9.03	9.98
Railway siding	18.38	0.00	0.00	18.38	18.38	0.00		18.38	0.00	0.00
Locomotives & wagons	16.61	0.00	0.00	16.61	15.10	1.06		16.16	0.45	1.51
Plant & Machinery	5081.09	53.62	0.00	5134.71	4846.13	93.54		4939.67	195.04	234.96
Electronic data processing equipment	478.88	-29.06	0.00	449.82	430.89	-2.45		428.44	21.38	47.99
Electrical installations	151.97	0.00	0.00	151.97	151.62	0.35		151.97	0.00	0.35
Construction Equipment	442.68	0.00	0.00	442.68	442.68	0.00		442.68	0.00	0.00
Vehicles	50.82	5.04	0.00	55.86	46.28	2.38		48.66	7.20	4.54
Furniture & Fixtures	213.04	-0.02	0.00	213.02	199.34	2.96		202.30	10.72	13.70
Office and other equipments										
Fixed assets costing up to Rs 10000										
Capital Expenditure										
Assets given on lease										
Assets taken on lease										
- Plant & Machinery										
- EDP Equipment	0.00	34.24	0.00	34.24		7.98		7.98	26.26	0.00
- Office and other Equipment										
- Others										
Intangible Assets										
- Internally developed										
- Software										
- Others										
Others										
- Software										
- Technical knowhow										
- Others										
TOTAL (A)	7518.67	63.52	0.00	7582.19	7042.04	123.60		7165.64	416.55	476.63
Township										
Free Hold land (incl development exp)	7.68	0.00	0.00	7.68	0.00	0.00		0.00	7.68	7.68
Lease Hold land (incl development exp)										
Roads, Bridges, Culverts	0.00	20.05	0.00	20.05		9.60		9.60	10.45	0.00
Buildings	407.25	-19.75	0.00	387.50	372.95	-8.10		364.85	22.65	34.30
Leasehold Buildings										
Drainage, sewerage, water supply	21.57	0.00	0.00	21.57	17.60	0.40		18.00	3.57	3.97
Plant & Machinery										
Electronic data processing equipment										
Electrical installations	35.37	0.00	0.00	35.37	35.37	0.00		35.37	0.00	0.00
Vehicles										
Furniture & Fixtures	8.89	0.30	0.00	9.19	8.89	0.30		9.19	0.00	0.00
Office and other equip. taken on lease										
Fixed costing upto Rs 10000.00										
Capital Expenditure										
Assets given on lease										
Assets taken on lease										
- Plant & Machinery										
- EDP Equipment										
- Office and other Equipment										
- Others										
Intangible Assets										
- Internally developed										
- Software										
Others										
Others										
-Software										
-Technical knowhow										
-Others										
TOTAL (B)	480.76	0.61	0.00	481.37	434.81	2.20	0.00	437.00	44.36	45.95
TOTAL (A) + (B)	7999.43	64.13	0.00	8063.56	7476.85	125.80		7602.65	460.91	522.58
Previous Year	7976.08	23.35	0.00	7999.43	6628.55	848.29		7476.85	522.58	1347.53



Schedule-6

Capital works-in-progress

(Rs. in Lakh)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
Construction work-in-progress-Civil		
Construction Stores (including in transit)		
Plant & Machinery & other equipments		
- Under Erection/Fabrication/awaiting erection	0.00	0.00
- In transit		
Intangible Assets under development		
TOTAL	0.00	0.00

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Schedule-7

Investments (Un-quoted at Cost)

(Rs. in Lakh)

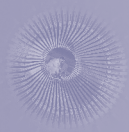
Particulars	AS AT 31.03.2010	AS AT 31.03.2009
LONG TERM		
Shares		
Un-quoted (fully paid up)		
<u>Trade</u>		
126 Equity shares of Rs.1000/- each (fully paid up) in M/s. Engg. Projects (I) Ltd	1.26	1.26
<u>Other than Trade</u>		
250 Shares of Rs.10/- each (fully paid up) in BHPV Employees Consumers Co-operative Stores Limited	0.02	0.02
10 Shares of Rs.50/- each (fully paid up) in Cuffe Parade Persopolis Premises Co-operative Society Ltd, Mumbai	0.01	0.01
20 Shares of Rs.50/- each (fully Paid up) in Hill View Co-operative Housing Society Ltd, Mumbai	0.01	0.01
Share money paid in advance to M/s Rita Enterprises, Mumbai for allotment of 50 shares of Rs. 10 each	0.01	0.01
Share money paid in advance to M/s Asish Enterprises Mumbai for allotment of 50 shares of Rs. 10 each	0.00	0.05
TOTAL	1.31	1.31

Schedule-8

Current Assets

(Rs. in Lakh)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
INVENTORIES @		
(As certified by the management)		
Stores and Spares		
- Production	260.06	257.97
- Fuel Stores	9.44	7.24
- Miscellaneous	195.98	184.05
Raw material & Components	2836.06	2424.98
Materials-in-transit	111.58	534.00
Materials with Fabricators/Contractors	0.00	0.00
Loose Tools	21.28	21.34
Scrap (Estimated realisable value)	365.44	220.95
Finished Goods	49.38	175.89
Inter Division Transfers in Transit		
includes:		
Rs..... 'lakh (previous year Rs ... 'lakh) towards non-BHEL		
spares held on behalf of various SEBs / NTPC (pool members)		
monitored by CEA		
Work-in-progress	1638.20	2563.83
	5487.42	6390.25
Less: Provision for Non-moving stock	918.36	1042.43
	4569.06	5347.82
@ Valued as per Significant Accounting Policy Number 8		
SUNDRY DEBTORS		
- Debts outstanding for a period exceeding 6 months	7871.33	7002.12
- Other Debts (incl. Deferred Debts)	7798.10	6205.45
	15669.43	13207.57
Less:Provision for Doubtful Debts	6348.52	6670.71
Less:Automatic price reduction A/c	0.00	0.00
Sundry Debtors includes Deferred debts		
Rs. 3304.89 lakh (Previous year Rs. 3424.47 lakh)		
Sundry Debtors include Goods dispatched pending billing		
Rs. 60.20 lakh (Previous year Rs. nil lakh)		
TOTAL	9320.91	6536.86
CASH AND BANK BALANCES		
Cash and Stamps in hand	16.60	17.15
Cheques and Demand Drafts in Hand		
Remittances in Transit		
Balances with Scheduled Banks		
- Current A/c	1547.44	423.54
- Deposit A/c		
Balances with Non- Scheduled Banks	0.00	0.00
TOTAL	1564.04	440.69
OTHER CURRENT ASSETS	0.00	0.00
SUMMARY OF CURRENT ASSETS		
INVENTORIES	4569.06	5347.82
SUNDRY DEBTORS	9320.91	6536.86
CASH & BANK BALANCES	1564.04	440.69
OTHER CURRENT ASSETS	0.00	0.00
	15454.01	12325.37



Schedule-9

Loans and Advances

(Rs. in Lakh)

Particulars	AS AT 31.03.2010		AS AT 31.03.2009	
LOANS				
Loans to Subsidiary Companies				
Loans to Employees				
Material Issued on Loan				
Loans to Others				
Loans to PSUs				
Interest accrued and or due on loans				
ADVANCES (Recoverable in cash or in kind or for value to be received)				
To Subsidiaries				
To Employees	206.10		230.15	
To Purchases	1823.57		2099.33	
To Others	0.00		0.00	
For Capital Exp	0.00	2029.67	0.00	2329.48
DEPOSITS				
Balance with Customs, Port Trust, Other Govt. Authorities	2597.70		2551.11	
With others	255.22	2852.92	331.23	2882.34
		4882.59		5211.82
Less: Provision for doubtful loans and advances		552.93		609.90
		4329.66		4601.92
OTHERS				
Prepaid Expenses		11.34		11.08
Claims and other recoverables:				
With Customers	2111.24		2039.51	
With Others	891.45		931.92	
	3002.69		2971.43	
Less: Provision for doubtful claims	2404.34	598.35	2467.59	503.84
Income Tax Refund due		669.36		1092.34
Income tax deducted at source	34.61		164.54	
Less: Provision for Taxation	0.00	34.61	0.35	164.19
Works Contract Tax deducted at source		1539.24		1530.00
Accrued Income		14.29		5.67
Interest Accrued on Deposits & others		16.24		23.66
TOTAL		7213.09		7932.70

Schedule-10

Current Liabilities

(Rs. in Lakh)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
Acceptances	0.00	0.00
Sundry Creditors		
- Total outstanding dues of Micro & Small Enterprises (incl. interest)		
- Other Sundry Creditors	3183.80	1811.90
Deposits from Contractors & others	805.39	842.13
Unclaimed dividend		
Advances from Customers and others	4164.61	4523.32
Other Liabilities	9638.32	11109.35
Interest accrued and Due		
TOTAL	17792.52	18286.70

Schedule-11

Provisions

(Rs. in Lakh)

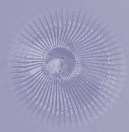
Particulars	AS AT 31.03.2010	AS AT 31.03.2009
Dividend	0.00	0.00
Corporate Dividend Tax	0.00	0.00
Contractual Obligations	518.91	48.21
Retirement benefits	0.00	0.00
Others	1590.64	1601.18
TOTAL	2109.55	1649.39

Schedule-12

Turnover (Gross)

(Rs. in Lakh)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
Sales less returns (incl. dispatches made to customer Rs. 4621.76 Lakh (previous year Rs. 5567.54 Lakh))	9720.52	7019.11
Income from external erection & other services	710.80	1420.34
Revenue from works contract	0.00	0.00
TOTAL	10431.32	8439.45



Schedule-12A

A. Other Operational Income

(Rs. in Lakh)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Export Incentives	0.00	0.00
Rental income on leased assets	0.00	0.00
Less: Lease equalisation Income	0.00	0.00
Scrap	230.63	291.67
Receipt from sale/transfer of surplus stock	0.00	0.00
Others	242.48	341.87
Total	473.11	633.54

B. Other Income

(Rs. in Lakh)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Profit from sale of Units & Bonds		
Profit from sale of fixed assets	0.00	0.00
Dividend on investments (Long term-trade)	0.00	0.00
Exchange rate variation (Cr)	0.00	0.00
Others (including grants from GOI or R&D projects)	0.00	0.00
Total	0.00	0.00

C. Interest Income

(Rs. in Lakh)

	For the year ended 31.03.2010	For the year ended 31.03.2009
From customers	0.00	0.00
From employees	0.00	0.00
From banks	56.21	7.12
From Investments (Current. Other than trade)	0.00	0.00
Inter Division Transactions (Cr Balance)	0.00	0.00
Others	0.00	6.42
(TDS Lakh (Previous Year Rs. Lakh)		
TOTAL	56.21	13.54
TOTAL OTHER INCOME (A+B+C)	529.32	647.08

Schedule-13

Accretion/(Decretion) to Stock of Finished Goods and work-in-Progress and scrap

(Rs. in Lakh)

	For the year ended 31.03.2010	For the year ended 31.03.2009
A. Work-in-Progress		
Closing balance	1638.20	2563.83
Opening balance	2563.83	1677.81
B. Stock of Finished Goods:		
Closing balance	49.38	175.89
Opening balance	175.89	464.13
Inter Division Transfers in transit		
TOTAL (A+B)	-1052.14	597.78

Note:

Element of Excise Duty in Finished Goods:

Closing Stock	0.00	14.12
Opening Stock	14.12	55.20

Schedule-14

Consumption of Material, Erection & Engineering Expenses

(Rs. in Lakh)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Consumption of Raw Materials & Components	3918.16	4639.97
Less: transfer out to other divisions		
Consumption of Stores & spares	184.80	256.35
Less: transfer out to other divisions		
Transfer in Materials		
Transfer in other services		
Erection & engineering Expenses	750.62	1366.39
Total	4853.58	6262.71

Schedule-15

Employees Remuneration & Benefits

(Rs. in Lakh)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Salaries, Wages, Bonus, Allowances and Other benefits	3381.88	3510.76
Contribution to gratuity fund	125.93	1875.12
Contribution to Provident Fund and Other funds	268.76	267.19
Group Insurance	0.00	0.00
Staff Welfare Expenses	618.27	3131.43
TOTAL	4394.84	8784.50

	This Year	(Rs. in Lakh) Previous year
Directors (including Managing Director)		
Salary & Allowance	4.00	3.23
Contribution to PF	0.23	0.36
Reimbursement of Medical Expenses	0.10	0.11

Besides the above, the Managing Director is also permitted to avail Company's transport on chargeable basis for his/her private use as per rules of the company.

Schedule-16

Other Expenses on Manufacturing, Administration, Selling and Distribution

(Rs. in Lakh)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Resident Consultant Charges		0.00		0.00
Royalty, Technical Documentation & other consul. charges		0.00		0.00
Rent		0.23		0.85
Excise Duty		9.98		14.12
Power & fuel		269.90		257.06
Rates & taxes		23.00		27.66
Service Tax		0.00		0.00
Exchange Variation		-3.60		0.47
Insurance		15.29		20.03
Repairs - Buildings	69.67		73.20	
Repairs - Plant & Machinery	63.41		26.40	
Repairs - Others	30.66	163.74	14.52	114.12
Other expenses in connection with export orders				
Loss on investments written off				
Bad Debts and amounts written off		0.00		0.00
Carriage outward		64.40		88.75
Travelling & Conveyance		81.69		66.87
Miscellaneous expenses		214.00		228.97
Cash Discount		0.00		0.00
Liquidated Damages charged off		0.00		0.00
Guarantee Fee				
Price diff. on transfer of stores to divisions under transfer				
Donations		0.00		0.00
Corporate Social Expenses		0.00		0.00
Loss / premium on redemption of bonds		0.00		0.00
Loss on sale of capital assets /fixed assets		0.00		0.00
Total		838.63		818.90
Repairs do not include on dept maint - plant	0.00		0.00	
Repairs do not include on dept maint - buildings	0.00		0.00	
Repairs do not include on dept maint - others	0.00	0.00	0.00	0.00
Agency commission - exports		0.00		0.00
Exp on R&D		104.06		54.91
Payment to Auditors (Net of service tax credit claimed)				
- Fees		1.23		1.35
- Expenses		0.56		0.46
- Income Tax matters (includes Rs Nil (Pr Yr Rs Nil)) to auditors abroad		0.00		0.00
- Certification work (includes Rs Nil (Pr Yr Rs Nil)) to auditors abroad		0.00		0.00
- Other Professional services (includes Rs Nil Pr Yr Rs Nil)) to auditors abroad		0.00		0.00
Payment to Cost Auditors		0.00		0.00
Expenditure on Entertainment		0.00		0.00
Expenditure on Foreign Travel		0.00		0.00
(for Nil tours (previous year Nil tour)		0.00		0.00
Exp on Publicity & Public relations				
Salaries, Allowances, benefits	22.50		15.01	
Other expenses	7.23	29.74	6.92	21.93
Directors Fees		0.98		1.48

Schedule-17

Provision

(Rs. in Lakh)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Doubtful Debts, Liquidated damages and Loans & Advance				
Created During the year	407.51		3392.60	
Less: Written back during the year	729.70	-322.19	197.93	3194.67
Contractual Obligations				
Created During the year	505.61		48.21	
Less: Written back during the year	34.91	470.70	234.90	-186.69
Others				
Created During the year	0.55		1312.55	
Less: Written back during the year	134.61	-134.06	0.00	1312.55
TOTAL		14.45		4320.53

Schedule-18

Interest & Other Borrowing Costs

(Rs. in Lakh)

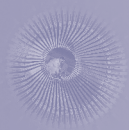
	For the year ended 31.03.2010		For the year ended 31.03.2009	
Interest on:				
Bonds / Debentures / Central / State Govt. Loans	260.19		220.93	
Banks / Financial Institutions	0.00		9.73	
Deferred Credits	0.00		0.00	
Inter Division Transaction (Dr Balance)	0.00		0.00	
Foreign Financial Institutions	0.00		0.00	
Others	-528.28		872.98	
Other Borrowing Costs				
TOTAL		-268.09		1103.64

Schedule-18 A

Extra Ordinary Items

(Rs. in Lakh)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Income	0.00		23008.28	
Expenditure	0.00		0.00	
Extra ordinary items (Net)	0.00		23008.28	



Schedule-18B Prior Period Adjustments

(Rs. in Lakh)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
INCOME				
Sales less returns	0.00		0.00	
Interest Income / others	0.00	0.00	0.00	0.00
EXPENDITURE				
Consumption of Raw material & components	0.00		6.54	
Interest	0.00		54.42	
Misc. expenses	0.00	0.00	4.40	65.36
Prior period adjustments (Net)		0.00		-65.36

Schedule-18C Provision for Taxation

(Rs. in Lakh)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
For Current Year				
- Current Tax (including wealth tax Rs. 0.34 lakh (Pr year 0.32 lakh))	0.34		0.32	
- Fringe Benefit Tax	0.00		23.11	
- Deferred Tax	0.00		0.00	
For Earlier Year				
- Tax	108.36		34.30	
- Deferred Tax	0.00		0.00	
	108.70		57.73	

Schedule-19B Deferred Tax Liability / Deferred Tax Asset

(Rs. in Lakh)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Deferred Tax Assets	0.00		0.00	
Deferred Tax Liability	0.00		0.00	
	0.00		0.00	

Schedule-19

Notes Forming Part of Balance Sheet and Profit & Loss Account

1. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for are Rs.1358.00 Lakh (previous year NIL). The above includes for acquisition of intangible assets.
2. Land and Buildings include 380.48 Acres of land for which formal title transfer deeds have been executed/ registered during the year 2009-10 in line with the Andhra Pradesh Government GO Nos MS 96 Dated 30.04.2007 and 696 Dated 03.10.2008.
3. The impact of providing 100% depreciation on fixed assets costing up to Rs. 10000/- each on profit & Loss A/c is Rs. 8.84 Lakh. This includes Rs. 1.02 Lakh of depreciation provided on additions each valuing up to Rs. 10000/-
4. Sales and dispatches to the customers include:
 - (a) Sales based on provisional prices NIL (Previous Year Rs NIL)
 - (b) Escalation claims raised NIL (Previous Year NIL)
 - (c) Escalation claims on accrual basis NIL (Previous Year NIL)
 - (d) Dispatches of equipment valued at Rs. 1492.54 Lakh (Previous Year NIL) held on behalf of customers at their request for which payment received by the company.
5. Contingent Liabilities :
Claims against the company not acknowledged as debts include –
 - (a) Income Tax Appeals – Rs. 644.77 lakh (Previous Year Rs. 1163.68 lakh) against which an amount of Rs. 231.04 Lakh was paid under protest / adjusted from refunds (Previous Year Rs. 877.00 Lakh)
 - (b) Sales Tax Demands - Rs. 1665.95 Lakh (Previous Year Rs. 1583.89 Lakh), against which Rs. 1116.36 Lakh was paid under protest/ Court orders (Previous Year Rs. 938.32 Lakh)
 - (c) Excise duty demands – Rs. 12366.08 Lakh (Previous Year Rs. 10546.02 Lakh), against which an amount of Rs 59.85 lakh was paid under protest/ Court orders (Previous year Rs.59.85 Lakh)
 - (d) Custom duty demands – NIL (Previous year – NIL)
 - (e) Court / Arbitration cases – Rs. 2926.08 Lakh (Previous Year Rs. – Rs. 3980.18 Lakh)
 - (f) Liquidated damages- NIL (Previous year – NIL)
 - (g) Counter Claim by contractors – NIL (Previous year – NIL)
 - (h) Others (including disputed staff cases, wage arrears of employees and English Medium School staff) – Rs. 8929.05 Lakh (Previous Year Rs. 764.28 Lakh)
 - (i) Bank Guarantees outstanding as on 31.03.2010 – Rs. 380.33 Lakh (Previous Year Rs. 20.00 Lakh) as per AS-29 guidelines.
 - (j) Corporate guarantees outstanding as on 31.03.2010 – Rs. 789.41 Lakh (Previous Year Rs. 789.41 Lakh)
6. Details regarding rentals in respect of assets taken on lease prior to 1.4.2001 are NIL (Previous Year Rs. NIL).
7. Details of assets taken on lease on or after 1st April 2001 are given below (Previous Year Rs. NIL).

SL	Description	Year	Value capitalized
1	Computers/ Peripherals	2009-10	Rs 34.24 Lakh

8. The amount of borrowing costs capitalized during the year are NIL (Previous Year Rs NIL)
9. Provision for liquidated damages and provision for contractual obligations are provided/ withdrawn as per the advice of the Commercial Department.
10. Related party Transactions as per AS 18 –
 - A) Related Parties, where control exists (Holding Company).
Name of the party: Bharat Heavy Electricals Limited. Nature of Relationship: Holding Company.

B) Other Related Parties (Key Management Personnel).

Shri Om Prakash, Managing Director, BHPV Limited (up to 31.10.2009) Shri S.S.Gupta, Managing Director, BHPV Limited (from 31.10.2009).

Shri A.S.Nagaraja, Director (Operations), BHPV Limited (from 20.11.2009)

Shri P.V.Sridharan, Director (HR), BHPV Limited (from 09.11.2009)

SL	Nature of Transactions	Holding Company i.e. BHEL	Key Management Personnel
1	Purchase of goods	740.51	-
2	Sale of goods	1469.00	-
3	Amounts Due to BHEL	1366.97	-
4	Amounts Due from BHEL	1120.36	-
5	Tour Exp due from BHEL	0.19	-
6	Loans / Advances Taken	26206.56	-
7	Salary and Allowances	-	4.33

11. The disclosure related to Construction Contract received on, Contract revenue recognized for the year as per revised AS-7 in respect of contract in progress at the end of year:

- Contract revenue recognized for the year Rs. 5230.30 Lakh (Previous Year Rs. 6913.46 Lakh)
- Cost incurred and recognized profit (less recognized losses) – Rs. 24157.69 Lakh (Previous year Rs. 34074.10 Lakh)
- Amount of advance received – Rs.1109.01 Lakh (previous year Rs. 1972.04 Lakh)
- Amount of retentions (deferred debts) – Rs. 2672.27 Lakh (Previous year - Rs. 3169.47 Lakh)
- In respect of dues from customers after appropriate netting off
Gross amount due from customers for the contract work as an asset – Rs. 6531.16 Lakh (Previous year Rs. 4334.87 Lakh)
Gross amount due to customers for the contract work as a liability – Rs. 1103.77 Lakh (Previous year Rs. 1229.79 Lakh)
- Contingencies – Rs. NIL (Previous year – Nil)

The estimates of total costs and total revenue in respect of construction contracts entered on or after 1st April 2003 in accordance with (AS) - 7 Construction contracts are reviewed and updated periodically during the year by a committee and necessary adjustments are made in the current year's account.

12. The Disclosure relating to Derivative Instruments – NIL (Previous Year NIL)

13. The disclosure relating to suppliers under Micro and Small Enterprise Development Act, 2006 - The company has not received any memorandum (as required to be filled by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2009 as micro, small or medium enterprises. Consequently, the amount paid/payable to these parties during the year is nil.

14. Revenue recognition as per Significant accounting policy No: 9A, has been carried out in respect of all relevant orders.

15. Request for confirmations of balances were sent and reconciliations with the parties are carried out as an ongoing process.

16. Disclosure requirements of Accounting Standards 17, 20, 22, 27 & 28 and part IV of SCH VI of companies Act.

- Accounting Standard 17 - The Company operates in a single primary business namely Fabrication / Erection on turnkey basis or otherwise. The components manufactured by the Company are meant for utilization in such projects only. Therefore, the Company feels no separate disclosure is required.
- Accounting Standard 20 – Computation of Earning per share (EPS) is as below.

(Rs. in Lakh)

SL No.	Description	2009-10	2008-09
1	No. of Shares	337978 Nos	337978 Nos
2	Profit / Loss before considering Extra Ordinary Items	(-) 859.69	(-)13315.35
3	EPS before considering Extra Ordinary Items	(-) 0.002	(-) 0.039
4	Profit / Loss after considering Extra Ordinary Items	(-) 859.69	9635.52
5	EPS after considering Extra Ordinary Items	(-) 0.002	0.03

- (c) Accounting Standard 22 - In the absence of certainty on the availability of future taxable income, the deferred tax asset / liability is not recognized.
- (d) Accounting Standard 27 – The Company did not have any Joint Ventures.
- (e) Accounting Standard 28 - Impairment of assets has not been carried out as per AS-28, as there is no indication of a potential loss on impairment of assets.
17. Information with regard to Part IV of Schedule VI of Companies Act, 1956 is enclosed (Schedule 20).
18. The Company has complied with the provisions of AS 15 and operating the system of making liability for Gratuity based on Actuarial Valuation and Leave salary on Accrual basis. An amount of Rs. 1374.32 Lakh (Previous year Rs.1667.11 Lakh) is provided towards Gratuity based on actuarial calculations and Rs.1098.38 Lakh (Previous year - Rs. 944.51 Lakh) towards Leave Salary. Leave Salary liability is considered as short term liability and hence, the calculations are carried out on accrual basis. The calculation of Gratuity as per Actuarial Valuation is as follows.

(Rs. in Lakh)		
SL No.	Details of Provisions for Gratuity	Amount 2009-10
1	Opening Defined Benefit Obligation	1667.11
2	Interest Cost	133.34
3	Current Service Cost	67.08
4	Benefits Paid	(-) 402.12
5	Actuarial (Gains) / Losses on Obligation	(-) 91.12
6	Closing Defined Benefit Obligation	1374.32

19. Foreign Exchange Inflow & Outflow: Foreign Exchange Inflow is NIL (Previous Year NIL). Foreign Exchange Outflow is Rs. 1129.22 Lakh (Previous Year Rs 395.05 Lakh) towards import of Raw Material.

20. The Company is consistently following the method of valuation of WIP. The Company is confident of controlling the future cost and containing them within the estimates.
21. No amount is paid/ payable by the Company under Section 441A of the Companies Act, 1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.
22. The Company has been referred to BIFR on 23rd August, 2004 based on the financial results for the year 2002-03 and declared as a Sick Company by BIFR vide Ref 503/2004. During the year 2009-10, the Hearings have taken place on 11.01.2010 and 02.03.2010 before the Bench of BIFR. The company has submitted "Fully Tied Up Draft Rehabilitation Scheme (DRS)" to BIFR through Operating Agency (OA) as per the directions of BIFR. Approval for the same from BIFR is awaited.
23. The interest of Rs. 558.12 Lakh provided as on 31.03.2009 on the loans taken from BHEL (Holding Company) during the year 2008-09, was reversed and credited to Interest expenditure during current year on obtaining waiver for the same from BHEL. For the year ended 31.3.2010, no interest was charged by BHEL for the amounts advanced to the Company.
24. The interest accrued on interest payable M/s Sahara India Financial Corporation was shown under Unsecured Loans as on 31.03.2009. The same is regrouped and brought under Secured Loans as on 31.03.2010, since a charge on the same is yet to be cleared.
25. Previous year's figures have been rearranged / regrouped wherever practicable to make them comparable to current year's presentation and rounded off to the nearest Lakh.

Quantitative & Other Data as Classified and Certified by Management for 2009-10

1. TURNOVER, CLOSING AND OPENING STOCKS

	TURNOVER		CLOSING STOCK		OPENING STOCK	
	Tonnes(EQ)	Rs. in Lakh	Tonnes(EQ)	Rs. in Lakh	Tonnes (EQ)	Rs. in Lakh
i) FERTILIZER, CHEMICALS AND OTHER EQUIPMENT	965 (2054)	4081 (3032)	2 (46)	12 (109)	46 (107)	109 (276)
ii) CRYOGENIC PLANT & VESSELS	785 (5)	1980 (6)	0 (34)	0 (57)	34 (0)	57 (0)
iii) INDUSTRIAL BOILERS	3351 (4070)	3670 (5402)	85 (8)	37 (10)	8 (233)	10 (188)
TOTAL	5101 (6129)	9731 (8440)	87 (88)	49 (176)	88 (340)	176 (464)

NOTE: Figures in brackets indicate previous year's figures

2. RAW MATERIAL, COMPONENTS AND STORES & TOOLS CONSUMED

	2009-10		2008-09	
	QTY.	VALUE (Rs. in Lakh)	QTY.	VALUE (Rs. in Lakh)
A. RAW MATERIAL AND COMPONENTS:				
1. CS PLATES (IN TONNES)	1875	813	1477	836
2. SS PLATES (IN TONNES)	47	164	65	199
3. CS TUBES (IN METERS)	249	21	14253	146
4. SS TUBES (IN METERS)	3508	58	791	41
5. HE TUBES (IN NUMBERS)	6006	414	1400	35
6. OTHER IRON & STEEL MATERIAL INCLUDING COMPONENTS		2448		3383
TOTAL A:		3918		4640
B. STORES & LOOSE TOOLS		185		256
TOTAL (A + B)		4103		4896

			(Rs. in Lakh)	
			2009-10	2008-09
3. (a) VALUE OF IMPORTS (CIF)				
1. a. Raw Materials & Components			1162	450
b. Material in Transit			0	499
2. Spares			0	1
3. Capital Goods			28	0
(b) Expenditure in Foreign Currency (including provision)				
1. Royalty			0	0
2. Engineering Fees			0	0
3. Know-how			0	0
4. Other matters			0	0

	(Rs. in Lakh)	
	2009-10	2008-09
(c) Break-up of Imported and Indigenous Raw Materials, Components and Spare Parts consumed		
1. Value of all Imported Raw Materials including Components and Spare Parts consumed during the year	995	471
2. Value of Indigenous Material including Components and Spare Parts consumed during the year	2923	4169
Total	3918	4640
3. Percentage of Item (1) to Total Consumption	25.40	10.16
4. Percentage of Item (2) to Total Consumption	74.60	89.84
(d) Amount remitted in foreign currencies on account of dividends	Nil	Nil
(e) Earnings in foreign Exchange		
1 Supplies - (FOB)	0	0
2 Services	0	0

	Licensed Capacity	Installed Capacity	Production certified by Management
4 Licences and Installed Capacities and Production:	23,210 MT	23,210 MT	5100 MT
(as certified by the Management)			
a) Fertilizer and Chemical Equipment (including Diversified Products detailed at 'b' hereunder)			
b) Diversified Products taken up for effective utilisation of the Installed Capacity			

	Licensed Capacity	Installed Capacity	Actual Qty. (Nos.)	Production MT (Equivalent)
i) Air & Gas Separation Plants:				
a) Small Plants upto 1000 NM ³ /hr	24 Nos	}		
b) Plants above 1000 NM ³ /HR and upto 17000 NM ³ /hr	4 Nos.	}		
ii) Multilayer Vessels	Rs. 96 lacs	}		
iii) Cylinder for Chlorine & Sulphur Dioxide	3000 Nos.	}		
iv) Continuous Cooking Plants with necessary Accessories	2 Nos.	}	included in (a) Above	
v) Evaporation Units for Paper Industry	2 Nos.	}		
vi) Cryobiological Containers	4000 Nos.	}		
vii) Industrial Boilers 50 to 200 TPH	6000 MT	}	Rs.3697 lakh	3428 MT
viii) Finned Tube Air Coolers	Rs.150 lacs}			

Due to varied product mix, the actual production has been converted into equivalent tonnage by applying an intensity factor '2' in respect of Heat Exchanger, Cryogenic Equipment and Valve Trays. Similarly, a conversion factor of 0.6 MT/Rs.1 lakh, has been applied in case of boughtout components and erection. In respect of other products, the actual tonnage has been considered. Approval of the Government for this method of conversion is being sought.

Efforts are being made to arrive at more realistic norms for representing physical performance. The production of 5100 MT (equivalent) is inclusive of 3428 MT (equivalent) in respect of diversified products as detailed at (b) above and nil MT in respect of jobs done for internal use.

Note:

1 The Licensed Capacity, Installed Capacity and Production indicated in item (b) are included in item (a).

Balance Sheet Abstract and Company's General Business Profile

i) Registration details :

Registration No.

1 2 0 2

State Code

0 1

Balance Sheet

3 1 0 3 1 0

Date Month Year

ii) Capital raised during the year (Amount in Rs. Lakh)

Public Issue

NIL

Right Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

iii) Position of mobilisation and deployment of funds (Amount in Rs. Lakh)

Total Liabilities

3 0 4 6 3

Sources of Funds

Paid Up Capital

3 3 8 0

Secured Loans

1 8 3

Application of Funds

Net Fixed Assets*

4 6 1

Net Current Assets

2 7 6 5

Accumulated Losses

2 7 2 3 5

iv) Performance of Company (Amount in Rs. Lakh)

Turnover

9 7 3 1

Profit Before Tax

- 7 5 1

Earning Per Share

N I L

Total Assets

3 0 4 6 3

Reserves & Surplus

2

Unsecured Loans

2 6 8 9 8

Investments

1

Misc. Expenditure (Deferred Revenue Exp.)

N I L

Total Expenditure

9 9 5 9

Profit After Tax

- 8 6 0

Dividend rate-%

N I L

v) Generic names of three principal products/services of Company (as per monetary terms)

1. Item Code No. : 8 4 1 9 0 0

(ITC Code)

Product Description: Heat Exchangers

2. Item Code No.: 8 4 7 9 1 0

(ITC Code)

Product Description: Pressure Vessels

3. Item Code No.: 8 4 0 4 1 0

(ITC Code)

Product Description: Air preheater Boilers

A.S.S. SARMA
Company Secretary

A.V. MANIKYA RAO
General Manager (Fin)

For and on behalf of Board of Directors
P.V. SRIDHARAN
Director (HR)

S.S. GUPTA
Managing Director

As per our report of even date

For MURTHY ASSOCIATES

Chartered Accountants

K.L. NARASIMHAM

Partner

Membership No. 023694

Place: New Delhi

Date: 11.05.10

Consolidated Financial Statements 187



Auditors' Report to the Board of Directors on the Consolidated Financial Statements of Bharat Heavy Electricals Limited, its Subsidiaries and Joint Ventures.

We have examined the attached consolidated Balance Sheet of BHARAT HEAVY ELECTRICALS LIMITED and its Subsidiaries and Joint Ventures (BHEL Group) as at 31st March, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. The audit of the following entities in BHEL group has been carried out by the other auditors whose report has been furnished to us, and our opinion, in so far as it relates to Assets, Revenue and Net cash flows for the entities, is based solely on the reports of the other auditors.

(Rupees in Crore)

Share in Jointly Controlled Entities

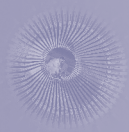
Name of the company	Assets	Revenues	Net cash flows
A. Subsidiary			
BHARAT HEAVY PLATE AND VESSELS LTD	231.29	102.60	11.23
B. Joint Ventures			
NTPC - BHEL POWER PROJECTS LTD	41.27	1.15	31.38
BHEL - GE GAS TURBINE SERVICES PVT LTD	69.83	220.06	4.49

2. In respect of the following Joint Ventures we did not carry out the audit. Our opinion, in so far as it relates to the assets and revenues included in respect of these Joint Ventures, is based solely on the provisional financial statements as furnished to us by the management. Since the financial statement of these joint ventures for the financial year ended 31st March 2010 were not audited, any subsequent adjustment to the balances could have consequential effects on the attached consolidated financial statements. However the size of Joint Venture in the consolidated financial position is not significant in relative terms.

(Rupees in Crore)

Share in Jointly Controlled Entities

Name of the company	Assets	Revenues	Net cash flows
UDANGUDI POWER CORPORATION LTD.	5.78	0.24	(1.69)
DADA DHUNIWALE KHANDWA PVT. LTD.	5.00	-	5.00
BARAK POWER PRIVATE LTD.	0.04	-	-
RAICHUR POWER CORPORATION LTD.	3.69	-	3.65



3. The accounts of POWER PLANT PERFORMANCE IMPROVEMENTS LTD. A Joint Venture of BHEL has not been consolidated as the said company is under liquidation.
4. The consolidated financial statement have been prepared by the company in accordance with the requirement of Accounting Standard (AS)-21 "Consolidated Financial Statements" and AS-27 "Financial Reporting of interests in joint ventures" issued by The Institute of Chartered Accountants of India and on the basis of the separate financial statements of Bharat Heavy Electricals Limited and its Subsidiary and Joint Venture included in the Consolidated Financial Statement.
5. Subject to Para 3 above, we report that on the basis of the information and explanations given to us and on the consideration of the individual audited financial statement as stated in Para 1 above, and provisional financial statements as stated in Para 2 above, of the BHEL Group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In case of Consolidated Balance Sheet, of the state of affairs of the BHEL Group as at 31st March 2010.
 - (ii) In cases of Consolidated Profit and Loss Account, of the profit of the BHEL Group for the year ended on that date: and
 - (iii) In case of Consolidated Cash Flow Statement, of the Cash flows of the BHEL Group for the year ended on that date.

For Gandhi Minocha & Co.

Chartered Accountants
FRN 000458N


(Bhupinder Singh)

M.No. 092867

For M.L. Puri & Co.

Chartered Accountants
FRN 002312N


(Navin Bansal)

M.No. 091922

Date: May 26, 2010

Place: New Delhi

Significant Accounting Policies

1 Basis of preparation of Financial Statements

The financial statements have been prepared as of a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

2 Fixed Assets

Fixed assets (other than land acquired free from State Government) are carried at the cost of acquisition or construction or book value less accumulated depreciation.

Cost includes value of internal transfers for capital works, taken at actual / estimated factory cost or market price, whichever is lower. Effect of extraordinary events such as devaluation / revaluation in respect of long term liabilities / loans utilized for acquisition of fixed assets is added to / reduced from the cost.

Land acquired free of cost from the State Government is valued at Re.1/- except for that acquired after 16th July 1969, in which case the same is valued at the acquisition price of the State Government concerned, by corresponding credit to capital reserve.

3 Leases

FINANCE LEASE

A) i) Assets Given on Lease Prior to 1st April 2001

Assets manufactured and given on finance lease are capitalized at the normal sale price/fair value/contracted price and treated as sales.

Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on 'Depreciation'. Against lease rentals, matching charge is made through Lease Equalization Account.

Finance income is recognized over the lease period.

(ii) Assets Given on Lease on or after 1st April 2001

Assets manufactured and given on finance lease are recognized as sales at normal sale price / fair value / NPV.

Finance income is recognized over the lease period. Initial direct costs are expensed at the commencement of lease.

B) Assets Taken on Lease on or after 1st April 2001

Assets taken on lease are capitalized at fair value / NPV / contracted price.

Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on 'Depreciation'. If the lease assets are returnable to the lesser on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter.

Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

OPERATING LEASE

Assets Given on Lease:

Assets manufactured and given on operating lease are capitalized. Lease income arising there from is recognized as income over the lease period.

Assets Taken on Lease:

Lease payments made for assets taken on operating lease are recognized as expense over the lease Period.

4 Intangible Assets

- A. Intangible assets are capitalized at cost if
 - a. it is probable that the future economic benefits that are attributable to the asset will flow to the company, and
 - b. the company will have control over the assets, and
 - c. the cost of these assets can be measured reliably and is more than Rs.10,000/-

Intangible assets are amortized over their estimated useful lives not exceeding three years in case of software and not exceeding ten years in case of others on a straight line pro-rata monthly basis.

- B. a. Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.

- b. Expenditure incurred on Development including the expenditure during the development phase of Research & Development Project meeting the criteria as per Accounting Standard on Intangible Assets, is treated as intangible asset.
- c. Fixed assets acquired for purposes of research and development are capitalized.

5 Borrowing Costs

Borrowing costs that are attributable to the manufacture, acquisition or construction of qualifying assets, are included as part of the cost of such assets.

A qualifying asset is one that necessarily takes more than twelve months to get ready for intended use or sale.

Other borrowing costs are recognized as expense in the period in which they are incurred.

6 Depreciation

(i) Depreciation on fixed assets (other than those used abroad under contract) is charged up to the total cost of the assets on straight-line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956, except where depreciation is charged at rates determined on the basis of the technically assessed estimated useful lives shown hereunder:-

	Single Shift	Double Shift	Triple Shift
General Plant & Machinery	8%	12%	16%
Automatic/Semi-Automatic Machines	10%	15%	20%
Erection Equipment, Capital Tools Tackles Township Buildings	20 %		
– Second Class	2.5%		
– Third Class	3.5%		
Railway Sidings	8 %		
Locomotives & Wagons	8 %		
Electrical Installations	8 %		
Office & Other Equipments	8 %		
Drainage, Sewerage & Water supply	3.34%		
Electronic Data Processing Equipment	20 %		

In respect of additions to/deductions from the fixed assets, depreciation is charged on pro-rata monthly basis.

- (ii) Fixed assets used outside India pursuant to long term contracts are depreciated over the duration of the initial contract.
- (iii) Fixed assets costing Rs.10,000/- or less and those whose written down value as at the beginning of the year is Rs.10,000/- or less, are depreciated fully. In so far as township buildings are concerned, the cost per tenement is the basis for the limit of Rs.10,000/-.
- (iv) At erection/project sites: The cost of roads, bridges and culverts is fully amortized over the tenure of the contract, while sheds, railway sidings, electrical installations and other similar enabling works (other than purely temporary erections, wooden structures) are so depreciated after retaining 10% as residual value.
- (v) Purely Temporary Erection such as wooden structures are fully depreciated in the year of construction.
- (vi) Leasehold Land and Buildings are amortized over the period of lease. Buildings constructed on land taken on lease are depreciated over their useful life or the lease period, whichever is earlier.

In the case of BGGTS (50% JV)

Depreciation on fixed assets is provided using the straight line method over the useful life of the assets as estimated by the management. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than the envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, depreciation on assets has been provided at the rates based on the following useful lives of fixed assets as estimated by management.

Asset category	Estimated useful life (years)
Plant and machinery	2-15
Electrical Installations	3-10
Civil Structures	5-10
Furniture and fixtures	1-8
Computers	3
Office equipment	3-5

Depreciation is calculated on a pro-rata basis from / up to the month the assets are purchased / sold. Individual assets costing less than Rs. 5000/- each are depreciated in full in the year of purchase.

In the case of Raichur Power Corporation Limited (50% JV)

Depreciation is provided on straight line method at the rates prescribed in the Electricity Supply Act 1948. In respect of assets for which rates are not specified in the Electricity Supply Act 1956, depreciation is provided at the rates specified under schedule XIV of the Companies Act 1956. Assets are depreciated to the extent of 90% of the cost and 10% is retained as residual value. Depreciation on additions to assets is provided for the full year irrespective of the date of addition.

In the case of NTPC - BHEL Power Projects Pvt Ltd.

Depreciation on fixed assets is charged upto the total cost of the assets on a straight line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956 except for office equipment, where depreciation is charged at the rate of 13%.

7 Investments

- (i) Long-term investments are carried at cost. Decline, other than temporary, in the value of such investments, is recognized and provided for.
- (ii) Current investments are carried at cost or quoted/fair value whichever is lower. Unquoted current investments are carried at cost.
- (iii) The cost of investment includes acquisition charges such as brokerage, fees and duties. Any reduction in the carrying amount & any reversals of such reductions are charged or credited to the Profit & Loss Account.

8 Inventory Valuation

- (i) Inventory is valued at actual/estimated cost or net realizable value, whichever is lower.
- (ii) Finished goods in Plant and work in progress involving Hydro and Thermal sets including gas based power plants, boilers, boiler auxiliaries, compressors and industrial turbo sets are valued at actual/estimated factory cost or at 97.5% of the realizable value, whichever is lower.
- (iii) In respect of valuation of finished goods in plant and work-in-progress, cost means factory cost; actual/estimated factory cost includes excise duty payable on manufactured goods.
- (iv) In respect of raw material, components, loose tools, stores and spares cost means weighted average cost.
- (v) a) For Construction contracts entered into on or after 01.04.2003:
Where current estimates of cost and selling price of a contract indicates loss, the anticipated loss in respect of such contract is recognized immediately irrespective of whether or not work has commenced.

- b) For all other contracts:

Where current estimates of cost and selling price of an individually identified project forming part of a contract indicates loss, the anticipated loss in respect of such project on which the work had commenced, is recognized.

- c) In arriving at the anticipated loss, total income including incentives on exports/deemed exports is taken into consideration.
- (vi) The components and other materials purchased / manufactured against production orders but declared surplus are charged off to revenue retaining residual value based on technical estimates.

9 Revenue Recognition

Sales are recorded based on significant risks and rewards of ownership being transferred in favor of the customer. Sales include goods dispatched to customers by partial shipment.

- A. For construction contracts entered into on or after 1.4.2003.

Revenue is recognized on percentage completion method based on the percentage of actual cost incurred up to the reporting date to the total estimated cost of the contract.

- B. For all other contracts

- (i) Recognition of sales revenue in respect of long production cycle items (Hydro and Thermal sets including gas-based power plants, boilers, boiler auxiliaries, compressors and industrial turbo sets) is made on technical estimates. When the aggregate value of shipments represents 30% or more of the realizable value, they are considered at 97.5% of the realizable value or in its absence, quoted price. Otherwise, they are considered at actual/estimated factory cost or 97.5% of the realizable value, whichever is lower. The balance 2.5% is recognized as revenue on completion of supplies under the contract.
- (ii) Income from erection and project management services is recognized on work done based on: Percentage of completion; or The intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognized as income when the contract is completed.
- (iii) Income from engineering services rendered is recognized at realizable value based on percentage of work completed.
- (iv) Income from supply/erection of non-BHEL equipment/systems and civil works is recognized based on dispatches to customer/ work done at project site.

10 Accounting for Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

11 Translation of Financial Statements of Integral Foreign Operations

- (i) Items of income and expenditure are translated at average rate except depreciation, which is converted at the rates adopted for the corresponding fixed assets.
- (ii) Monetary items are translated at the closing rate; non-monetary items carried at historical cost are translated at the rates in force on the date of the transaction; non-monetary items carried at fair value are translated at exchange rates that existed when the value were determined.
- (iii) All translation variances are taken to Profit & Loss Account.

In the case of BGGTS (50% JV)

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the year end. The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract. The exchange differences on such a forward contract is the difference between i) the foreign currency amount of the contract translated at the exchange rate on the reporting date, or the settlement date where the transaction is settled during the period and (ii) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract or the last reporting date. Any profit or loss arising on such cancellation or renewal of such a forward contract is recognised as income or expense for the year.

12 Employee Benefits

Earned leave, half pay leave, Provident Fund and Employees' Family Pension Scheme contributions are accounted for on accrual basis. Liability for gratuity, travel claims on retirement and post retirement medical benefits are accounted for in accordance with actuarial valuation. The actuarial liability is determined with reference to employees at the beginning of each calendar year. Compensation under Voluntary Retirement Scheme is charged off in the year of incurrence on a pro-rata monthly basis.

In the case of BGGTS (50% JV)

Provision for leave encashment cost is made on the basis of an actuarial valuation at the balance sheet date, carried out by an independent actuary.

13 Claims by/against the Company

- (i) Claims for liquidated damages against the Company are recognized in accounts based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.
- (ii) Claims for export incentives / duty drawbacks / duty refunds and insurance claims etc. are taken into account on accrual.
- (iii) Amounts due in respect of price escalation claims and/or variations in contract work are recognized as revenue only when there are conditions in the contracts for such claims or variations and/or evidence of the acceptability of the same from customers. However, escalation is restricted to intrinsic value.

14 Provision for Warranties

i) For construction contracts entered into on or after 01.04.2003:

Provision for contractual obligations is maintained at 2.5% of the contract value on completion of trial operation.

ii) For all other contracts: Provision for contractual obligations in respect of contracts under warranty at the year end is maintained at 2.5% of the value of contract. In the case of contracts for supply of more than a single product 2.5% of the value of each completed product is provided.

(iii) Warranty claims/ expenses on rectification work are accounted for against natural heads as and when incurred and charged to provisions in the year end.

15 Government Grants

Government Grants are accounted when there is reasonable certainty of their realization.


Grants related to fixed depreciable assets are adjusted against the gross cost of the relevant assets while those related to non-depreciable assets are credited to capital reserve. Grants related to revenue, unless received as compensation for expenses/losses, are recognized as revenue over the period to which these are related on the principle of matching costs to revenue. Grants in the form of non-monetary assets are accounted for at the acquisition cost, or at nominal value if received free.

Consolidated Balance Sheet as at March 31, 2010


(Rs. in Crore)

	Schedule	AS AT 31.03.2010		AS AT 31.03.2009	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	489.52		489.52	
Reserves & Surplus	2	15406.46	15895.98	12429.06	12918.58
Loan Funds					
Secured Loans	3	1.83		1.61	
Unsecured Loans	4	146.47	148.30	164.95	166.56
			16044.28		13085.14
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	6857.57		5501.28	
Less: Depreciation/Amortisation to-date		4234.54		3795.25	
		2623.03		1706.03	
Less : Lease Adjustment Account		14.22		41.22	
Net Block		2608.81		1664.81	
Capital Work-in-Progress	6	1531.88	4140.69	1156.97	2821.78
Pre Operative Expenses			2.36		0.00
Investments	7		5.94		5.94
Deferred Tax Assets Net (Refer note no. 24 of Schedule 19)			1528.62		1841.00
Current Assets, Loans and Advances					
Current Assets	8				
Inventories		9283.78		7891.99	
Sundry Debtors		20792.61		16071.53	
Cash & Bank Balances		9856.42		10329.46	
Other current assets		407.27		350.27	
Loans and advances	9	2682.68		2341.91	
		43022.76		36985.16	
Less:					
Current Liabilities & Provisions					
Current Liabilities	10	28211.21		23570.40	
Provisions	11	4444.88		4998.34	
		32656.09		28568.74	
Net current assets			10366.67		8416.42
			16044.28		13085.14
Notes to Accounts	19				

Schedules 1 to 11, 19 & Significant accounting policies form an integral part of the Consolidated Balance Sheet.


(I. P. Singh)
 Secretary

For and on behalf of Board of Directors



(C. S. Verma)
 Director (Finance)


(B. Prasada Rao)
 Chairman and Managing Director

As per our report of even date attached
 For M.L. Puri & Company
 Chartered Accountants
 FRN-002312N

For Gandhi Minocha & Co.
 Chartered Accountants
 FRN-000458N

 Date : May 26, 2010
 Place : New Delhi


(Navin Bansal)
 Partner
 M. No. 091922


(Bhupinder Singh)
 Partner
 M. No. 092867

Consolidated Profit & Loss Account for the year ended 31st March, 2010

(Rs. in Crore)

Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
EARNINGS		
Turnover (Gross)	34453.80	28318.91
Less: Excise duty & Service Tax	1299.32	1827.51
Turnover (Net)	33154.48	26491.40
Other income	1662.99	1498.34
Accretion/Decretion to Work-in-progress & Finished Goods	775.80	1163.99
	35593.27	29153.73
OUTGOINGS		
Consumption of Material, Erection and Engineering Expenses	20863.03	17839.99
Employees' remuneration & benefits	6499.83	3019.54
Other expenses of Manufacture, Administration, Selling and Distribution	2174.38	1850.46
Provisions (net)	-933.79	1299.96
Interest & other borrowing costs	36.69	35.18
Depreciation and amortisation	460.26	343.07
Less: Cost of jobs done for internal use	120.87	61.18
	28979.53	24327.02
Profit before prior period items	6613.74	4826.71
Add/(Less): Prior period items (Net)	7.15	11.24
Profit before tax	6620.89	4837.95
Less: Provision for taxation		
For Current Year		
- Current Tax	2020.78	2261.77
(incl. wealth tax Rs. 0.14 crore (Previous year Rs.0.17 crore))		40.35
- Fringe Benefit Tax	312.39	-502.50
-Deferred Tax	2333.17	1799.62
For earlier years		
- Tax (incl. Income Tax paid abroad Rs. 26.77 crore (Prev. year Rs. 8.48 crore))	-34.58	-77.40
-Fringe Benefit Tax	-4.62	0.56
	2293.97	1722.78
Profit after tax	4326.92	3115.17
Add: Balance of profit brought forward from last year	562.07	438.97
Foreign Project Reserves written back	1.39	1.17
Profit available for appropriation	4890.38	3555.31
Less: Appropriation-		
— General Reserve	3002.52	2002.22
— Dividend (incl interim dividend of Rs. 550.13 crore (Previous year Rs. 451.28 crore))	1155.81	847.06
— Corporate Dividend tax (incl Rs. 93.49 crore on interim dividend (Previous year Rs. 76.69 crore))	194.09	143.96
Balance carried to Balance Sheet	537.96	562.07
Basic and Diluted Earning per share (in Rs.) (Refer note no. 20 of Schedule 19)	88.39	63.64

Notes to Accounts

19

Schedules 5,12 to 19 & Significant accounting policies form an integral part of the Consolidated Profit & Loss Account.

Total Income includes **Rs. 221.87 crore** (previous year Rs. 214.67 crore) share of jointly controlled entities.

Total Expenditure includes **Rs. 182.97 crore** (previous year Rs. 180.99 crore) share of jointly controlled entities.

For and on behalf of Board of Directors

(I. P. Singh)
Secretary

(C. S. Verma)
Director (Finance)

(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached

For M.L. Puri & Company
Chartered Accountants
FRN-002312N

For Gandhi Minocha & Co.
Chartered Accountants
FRN-000458N

(Navin Bansal)
Partner
M. No. 091922


(Bhupinder Singh)
Partner
M. No. 092867

Place : New Delhi
Date : May 26, 2010


Consolidated Cash Flow Statement for the year ended March 31, 2010


(Rs. in Crore)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit and Loss Account	6620.89	4837.95
Adjustment for		
Depreciation/Amortisation	460.46	343.14
Lease Equalisation	-27.00	-17.91
Profit on sale of Fixed assets	-0.30	-8.37
Interest paid	36.77	35.72
Interest/Dividend Income	-832.62	-784.80
Operating Profit before Working Capital changes	6258.21	4405.73
Adjustment for		
Trade & Other Receivables	-5167.10	-4680.95
Inventories	-1391.79	-2108.09
Trade Payable & Advances	3843.76	8165.55
Cash generated from operations	3543.08	5782.24
Direct Taxes Paid	-1912.98	-2319.06
NET CASH INFLOW FROM OPERATING ACTIVITIES	1630.10	3463.18
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-1727.93	-1356.17
Sale and Disposal of Fixed Assets	8.65	31.80
Interest & Dividend Receipts	777.49	856.89
NET CASH USED IN INVESTING ACTIVITIES	941.78	467.48
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	-20.71	-133.15
Dividend Paid (including tax on dividend)	-1106.36	-894.57
Interest paid	-34.28	-34.35
NET CASH USED IN FINANCING ACTIVITIES	1161.35	1062.07
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	-473.04	1933.63
Opening Balance of Cash and Cash Equivalents	10329.46	8395.85
Closing Balance of Cash and Cash Equivalents	9856.42	10329.46


(I. P. Singh)
 Secretary


For and on behalf of Board of Directors


(C. S. Verma)
 Director (Finance)


(B. Prasada Rao)
 Chairman and Managing Director

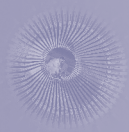
As per our report of even date attached
 For M.L. Puri & Company
 Chartered Accountants
 FRN-002312N

For Gandhi Minocha & Co.
 Chartered Accountants
 FRN-000458N


(Navin Bansal)
 Partner
 M. No. 091922


(Bhupinder Singh)
 Partner
 M. No. 092867

 Place : New Delhi
 Date : May 26, 2010



Schedule-1 Share Capital

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Authorised		
200,00,00,000 (prev year 200,00,00,000) equity shares of Rs.10 each	2000.00	2000.00
Issued, Subscribed & Paid up Capital	489.52	489.52
48,95,20,000 fully paid (prev year 48,95,20,000) Equity Shares of Rs. 10/- each of which 7,41,11,200 shares (prev year 7,41,11,200) allotted for consideration other than cash and 24,47,60,000 shares (prev. year 24,47,60,000 shares) allotted as bonus shares	489.52	489.52

Schedule-2 Reserves & Surplus

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Capital Reserve		
Opening Balance	2.74	2.74
Less: Deductions/ Adj	0.00 2.74	0.00 2.74
Foreign Project Reserve		
Opening Balance	1.38	2.55
Less: Deductions/ Adj	1.38 0.00	1.17 1.38
General Reserve		
Opening Balance	11863.39	9861.17
Add: Transferred from Profit & Loss Account	3002.52 14865.91	2002.22 11863.39
Profit & Loss Account	537.96	562.07
Less: Adjustments	0.15 537.81	0.54 561.54
	15406.46	12429.06

Includes **Rs. 31.28 crore** (previous year Rs. 27.98 crore)share of jointly controlled entities.

Schedule-3

Secured Loans

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Interest accrued & due on loans		
From State Government	0.00	0.0
From Financial Institutions	1.83	1.61
Packing credit & others	0.00	0.0
	1.83	1.61

Schedule-4

Unsecured Loans

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Short Term Loans & Advances		
From Banks	4.56	4.82
From Others	1.01	0.00
Other loans and advances		
- Credits for Assets taken on lease	122.44	143.90
(Due within one year Rs. 47.56 crore (Previous year Rs. 44.15 crore))		
Interest accrued and due on:		
- State Government Loans	2.33	2.33
- Credits for Assets taken on lease	3.26	3.40
- Financial Institutions & others	12.87	10.50
	146.47	164.95

Includes **Rs. 1.29 crore** (previous year Rs. 0.28 crore) share of jointly controlled entities.

Schedule-5 Fixed Assets

(Rs. in Crore)

Particulars	Gross Block			Depreciation			Net Block		
	Cost as at 31.03.2009	Additions/ adjustments during the year	Deductions/ adjustments during the year	Cost As at 31.03.2010	Lease adjustment Account	Depreciation/ Amortisation upto 31.03.2010	As at 31.03.2010	As at 31.03.2009	Depreciation/ Amortisation for the year
Goodwill	185.87			185.87			185.87	185.87	
Factory/ Office Complex									
Freehold land (incl. development exp.)	4.53			4.53			4.53	4.53	
Leasehold land (incl. development exp.)	6.20		0.05	6.15		0.41	5.74	5.75	0.01
Roads, bridges and culverts	8.40	4.67		13.07		3.39	9.68	5.38	0.36
Buildings	490.95	398.14	15.82	873.27		309.78	563.49	235.28	64.29
Leashold buildings	3.31			3.31		1.41	1.90	1.97	0.05
Drainage, sewerage and water supply	14.03	4.65	0.03	18.65		10.55	8.10	3.88	0.43
Railway siding	8.85			8.85		7.92	0.93	1.02	0.10
Locomotives and wagons	27.62	0.15		27.77		16.99	10.78	11.86	1.23
Plant & Machinery	2892.50	721.06	2.20	3611.36		2430.10	1181.26	664.91	204.52
Electronic data processing equipments	121.03	2.71	-2.38	126.12		116.65	9.47	12.92	4.88
Electrical installations	117.83	27.42	0.30	144.95		79.28	65.67	43.80	5.38
Construction Equipment	379.91	157.27	3.24	533.94		273.58	260.36	165.45	61.74
Vehicles	19.60	0.47	0.32	19.75		16.36	3.39	3.11	0.49
Furniture & fixtures	21.88	5.24	0.17	26.95		10.07	16.88	13.07	1.38
Office & other equipments	81.24	8.22	0.67	88.79		60.59	28.20	24.50	4.08
Fixed assets costing upto Rs.10000/-	63.66	7.87	0.49	71.04		71.04	-0.01		7.95
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	-14.22	478.40	4.53	9.68	32.21
EDP Equipment taken on lease	217.80	17.83	8.22	227.41		122.03	105.38	131.48	43.65
Office & other equipment taken on lease	1.85	0.08	0.06	1.87		1.05	0.82	1.05	0.36
Intangible Assets									
- Internally developed									
Software									
Patents & Trade Marks									
Technical Know How									
Others	4.98	5.54	0.02	10.50		3.33	7.17	3.32	1.68
- Others									
Software	89.02	17.65	0.08	106.59		83.08	23.51	23.96	18.08
Patents & Trade Marks									
Technical Know-how	22.86	0.14		23.00		10.76	12.24	14.20	2.10
Others	8.80			8.80		8.76	0.04	0.31	0.27
	5290.31	1379.11	29.29	6640.13	-14.22	4115.97	2509.94	1567.29	455.24
Township/ Residential									
Freehold land (incl. development exp.)	2.17			2.17			2.17	2.17	
Leasehold land (incl. development exp.)	1.99			1.99		0.54	1.45	1.57	0.02
Roads, bridges and culverts	5.10	0.20		5.30		2.98	2.32	2.30	0.19
Buildings	134.20	0.45		134.65		62.68	71.97	73.61	2.20
Leasehold buildings	0.33			0.33		0.24	0.09	0.26	0.01
Drainage, sewerage and water supply	17.01	0.34		17.35		13.55	3.80	3.87	0.41
Plant and Machinery	11.48	4.72	0.06	16.14		9.16	6.98	2.86	0.60
Electronic Data Processing Equipment		0.01		0.01			0.01		
Electrical installations	17.19	0.09		17.28		14.07	3.21	3.52	0.39
Vehicles	1.07	0.03	0.02	1.08		0.99	0.09	0.08	0.02
Furniture & fixtures	0.72	0.07	0.03	0.76		0.25	0.51	0.49	0.05
Office & other equipments	17.66	0.53	0.06	18.13		11.86	6.27	6.79	1.00
Fixed assets costing upto Rs. 10000/-	2.14	0.13	0.02	2.25		2.25			0.13
	211.06	6.57	0.19	217.44		118.57	98.87	97.52	5.02
Total of factory & township	5501.37	1385.68	29.48	6857.57	-14.22	4234.54	2608.81	1664.81	460.26
Previous Year	4533.56	1015.62	47.90	5501.28	-41.22	3795.25	1664.81	998.39	343.07
@The details of R&D capital items included in above for current year 2009-10									
Plant & Machinery & other Equipments	228.29	23.34	0.44	251.19		180.81	70.38		17.18
Land & Building	19.83	0.45		20.28		10.71	9.57		0.49

Gross Block as at 31.03.2010 includes assets condemned and retired from active use Rs.38.75 Crore (Previous year Rs. 30 Crore)

Net Block as at 31.03.2010 includes assets condemned and retired from active use Rs. 0.13 Crore (Previous year Rs. 0.16 Crore)

Gross Block excludes cost of assets purchased out of grant received from Govt of India for research as executing agency since the property does not vest with the Company.

The Unit's contribution or expenditure towards construction, development of assets not owned by the Unit is capitalised under the general head 'Capital Expenditure' and written there is no impairment loss in fixed assets during the year

There is no impairment loss in fixed assets during the year

Gross Block includes **Rs. 10.92 Crore** (previous year Rs. 10.54 Crore) share of jointly controlled entities

Depreciation for the year includes **Rs. 0.99 Crore** (previous year Rs. 1.07 Crore) share of jointly controlled entities

Net Block includes **Rs. 2.92 Crore** (Rs. 3.31 Crore) share of jointly controlled entities

2009-10	2008-09
30.81	30.81

Schedule-6

Capital Work-in-Progress (at Cost)

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Construction work-in-progress -Civil	239.45	359.34
Construction Stores (including in transit)	14.30	11.88
Plant & Machinery and other equipments		
- Under Erection/ Fabrication/awaiting erection	870.96	507.51
- In transit	400.96	276.71
Intangible Assets under development	6.21	1.53
	1531.88	1156.97

Includes Rs. 2.32 crore (previous year Rs. 0.01 crore) share of jointly controlled entities.

Schedule-7

Investments

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
LONG TERM		
Shares:		
UNQUOTED (Fully Paid up)		
TRADE:		
360 Equity shares of Rs. 38.95 each of Engineering Projects (India) Ltd.	*	*
126 Equity shares of Rs. 1000 each of Engg. Projects (I) Ltd.	0.01	0.01
728960 Equity shares of Rs. 10/- each of AP Gas Power Corporation Ltd.	0.91	0.91
5000000 Equity shares of Rs.10/- each of Neelachal Ispat Nigam Ltd.(Refer Note No.8 of Schedule-19)	5.00	5.93
	5.93	5.00
OTHER THAN TRADE:		
3 shares of Rs.100/- each of BHEL House Building Cooperative Society Ltd., Hyderabad	*	*
250 shares of Rs.10/- each of BHPV Employees Consumers Cooperative Stores Ltd.	*	*
10 shares of Rs.50/- each of Cuffe Parade Persopolis Premises Cooperative Society Ltd., Mumbai	*	*
20 shares of Rs.50/- each of Hill View Cooperative Housing Society Ltd., Mumbai	*	*
	0.01	0.01
Share Money paid in advance		
M/s. Rita Enterprises, Mumbai for allotment of 50 shares of Rs. 10 each	*	*
M/s. Asish Enterprises,Mumbai for allotment of 50 shares of Rs. 10 each	*	*
	5.94	5.94
* Value of less than Rs. 1 lakh/-		
Aggregate value of Unquoted Investments	5.94	5.94

Includes Rs. Nil (previous year Rs. Nil crore) share of jointly controlled entities.

Schedule-8

Current Assets

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Inventories @		
(As certified by the management)		
Stores & Spare parts		
- Production	144.61	143.17
- Fuel stores	11.99	7.85
- Miscellaneous	30.05	19.52
Raw Material & Components	2922.02	2632.90
Material-in-transit	968.35	634.48
Materials with Fabricators/Contractors	144.11	168.84
Loose Tools	25.38	23.01
Scrap (at estimated realisable value)	43.84	39.76
Finished Goods	600.32	521.09
Inter division transfers in transit	121.11	124.59
Includes:		
- Rs. 4.92 crore (Previous year Rs. 30.95 crore)		
Finished Goods in transit.	721.43	645.68
Work-in-progress	4338.30	3639.05
(including items with sub-contractors)	9350.08	7954.26
Less : Provision for non-moving stock	66.30	62.27
	9283.78	7891.99
@ Valued as per Significant Accounting Policy Number 8		
Includes Rs. 2.64 crore (previous year Rs.0.96 Crore)		
share of jointly controlled entities.		
Sundry Debtors *		
- Debts outstanding for a period exceeding six months	11344.16	8119.99
- Other debts	11014.96	9196.41
	22359.12	17316.40
Less : Provision for Doubtful debts	1463.31	1166.56
Less :Automatic Price Reduction Adjustment a/c	103.20	78.32
	20792.61	16071.53
* Includes deferred debts-Rs. 7749.41 crore(Previous year Rs.5606.08 crore)		
* Includes goods despatched pending billing-Rs. 1051.17 crore		
(Previous year Rs. 1011.16 crore)		
Particulars of Sundry debtors :		
Debts considered good for which the Company holds no security		
other than the debtors' personal security	20792.61	16071.53
Debts considered doubtful and provided for	1566.51	1244.88
	22359.12	17316.40

Includes **Rs. 36.20 crore** (Previous year Rs. 33.47 crore) share of jointly controlled entities.

Schedule-8 (Contd.)

Current Assets

(Rs. in Crore)

		AS AT 31.03.2010	AS AT 31.03.2009
Cash and Bank Balances			
Cash & Stamps in hand		1.47	1.15
Cheques, Demand Drafts in hand		230.77	386.53
Remittances in transit		35.83	0.02
Balances with Scheduled Banks			
Current Account		614.73	1539.15
Deposit Account		8967.86	8373.59
Balance with non-scheduled Banks			
Current Account	Maximum Balance during the year (Rs. in Crore)		
	2009-10	2008-09	
- Standard Chartered bank, Libya	0.23	0.22	0.02
- Bank Muskat, Oman	50.27	356.19	-0.03
- Barclays Bank Ltd, Zambia	0.02	0.01	0.01
- Bank of commerce, Malaysia	0.05	0.31	0.05
- CIMB Berhad	0.02	0.32	0.02
- Indo Jambia Bank, Lusaka	0.16	1.18	0.00
- Commercial Bank of Ethiopia	3.81	3.38	3.42
- Bank of Bhutan, Bhutan	0.01	0.04	0.00
- Jamahouria Bank, Libya	3.94	4.34	0.53
- National Bank of Egypt	0.13	0.13	0.12
- Standard Chartered bank, Bangladesh	1.40	72.69	0.29
- Bank of Khartoum, Sudan	10.82	15.47	1.33
- Standard Chartered bank, Dubai	0.05	0.22	0.00
		9856.42	10329.46
Includes Rs. 50.70 crore (previous year Rs. 10.39 crore) share of jointly controlled entities.			
Other Current Assets			
Interest Accrued on Banks Deposits and investments		407.27	350.27
Rent Receivable on leased Assets		0.00	0.00
Less: Unearned finance income		0.00	0.00
		407.27	350.27
Includes Rs. 0.42 crore (previous year Rs. 0.06 crore) share of jointly controlled entities.			
Summary of Current Assets			
Inventories		9283.78	7891.99
Sundry Debtors		20792.61	16071.53
Cash & Bank Balances		9856.42	10329.46
Other Current Assets		407.27	350.27
		40340.08	34643.24

Includes Rs. 89.98 crore (previous year Rs. 43.92 crore) share of jointly controlled entities.

Schedule-9

Loans and Advances

(Rs. in Crore)

	AS AT 31.03.2010		AS AT 31.03.2009	
Loans				
Loans to Employees	0.07		0.13	
Materials Issued on loan	4.56		7.75	
Loans to others	16.86		0.07	
Loans to Public Sector Undertakings	0.00		21.10	
Interest accrued and or due on loans	4.96	26.45	6.83	35.88
Advances				
(Recoverable in cash or in kind or for value to be received)				
To employees	26.99		29.74	
For purchases	1155.73		616.82	
To Others	931.67		997.71	
For capital expenditure	20.50	2134.89	55.29	1699.56
Deposits				
Balance with customs, Port Trust and other Govt Authorities (includes Rs. 0.03 crore (Previous year Rs. 0.03 crore) by pledge of Post office pass book with Central Excise Authorities)	254.79		216.91	
Others	76.49	331.28	134.90	351.81
Advance Tax/ TDS (Net of Provision for Income Tax Rs.4259.94 crore (Previous year Rs. 5654.01 crore)		256.35		324.95
		2748.97		2412.20
Less: Provision for doubtful loans & advances		66.29		70.29
		2682.68		2341.91
Particulars of Loans & Advances :				
Loans & Advances considered good in respect of which the Company is fully secured		5.61		80.27
Loans & Advances considered good for which the Company holds no security other than the Debtors' personal security		2677.07		2261.64
Loans & Advances considered doubtful & provided for		66.29		70.29
		2748.97		2412.20
Includes Rs. 24.93 crore (previous year Rs. 25.96 crore) share of jointly controlled entities.				
	Maximum Balance during the year (Rs. in crore)			
	2009-10	2008-09		
Due from Directors of the Company	*	*	*	*
Due from Officers of the Company	0.37	0.40	0.17	0.26
* Amount less than Rs. 1 lakh				

Schedule-10

Current Liabilities

(Rs. in Crore)

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
Acceptances	42.30	67.14
Sundry Creditors		
Total outstanding dues of Micro & Small Enterprises (incl. interest)	222.86	96.52
- Other Sundry Creditors	7387.00	5801.59
Advances received from customers & others	19239.16	16480.96
Deposits from Contractors & others	442.62	334.09
- Unclaimed dividend *	1.61	1.31
Other liabilities	875.13	788.31
Interest accrued but not due	0.53	0.48
	28211.21	23570.40

* There is no amount due & outstanding as at Balance Sheet date to be transferred to Investor Education & Protection Fund.

Includes **Rs. 45.61 crore** (previous year Rs. 32.61 crore) share of jointly controlled entities.

Schedule-11

Provisions

(Rs. in Crore)

	AS AT 31.03.2010	AS AT 31.03.2009
Dividend	605.68	395.78
Corporate Dividend Tax	100.59	67.26
Contractual Obligation	901.36	888.21
Retirement benefits	2163.55	1716.54
Others	673.70	1930.55
TOTAL	4444.88	4998.34

Includes **Rs. 5.79 crore** (previous year Rs. 2.09 crore) share of jointly controlled entities.

Schedule-12

Turnover (Gross)

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Sales less returns	30514.90	24807.76
Income from external erection & other services and revenue from works contract	3938.90	3511.15
TOTAL	34453.80	28318.91

Includes **Rs. 218.42 crore** (previous year Rs. 213.65 crore) share of jointly controlled entities.

Schedule-12A

a. Other Operational Income

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Export Incentives	44.71	56.31
Rental income on leased assets	6.16	25.52
Add: Lease equalisation account	27.00	17.91
Finance income on assets given on finance lease	0.00	0.00
Scrap	189.04	189.59
Receipt from sale/transfer of surplus stock	0.59	0.18
Others	230.65	231.08
Total (A)	498.15	520.59

b. Other Income

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Profit from sale of fixed assets (Net Cr)	0.30	8.37
Dividend on Investment (Long term-Trade)	15.83	18.45
Exchange variation gain (Net)	88.35	26.54
Others (including grants of Rs. Nil crore (prev year Rs.0.01 crore) from Govt. of India for R & D Projects)	243.57	158.14
Total (B)	348.05	211.49

c. Interest Income**

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
From customers	0.00*	0.60
From employees	0.02	0.04
From banks	777.50	758.81
Others	39.27	6.81
Total (C)	816.79	766.26
Total Other Income	Total (A+B+C)	1662.99
		1498.34

Includes **Rs. 3.79 crore** (previous year Rs. 0.31 crore) share of jointly controlled entities.

*Amount less than Rs. 1 lakh

** Tax deducted at source **Rs. 98.87 crore** (Previous year Rs. 175.59 crore)

Schedule-13

Accretion (Decretion) to Work-in-progress & Finished Goods

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Work -in -progress				
Closing Balance	4338.11		3639.05	
Opening Balance	3639.05	699.06	2560.72	1078.33
Finished Goods				
Closing Balance	600.52		521.09	
Opening Balance	521.09	79.43	476.88	44.21
Inter-division transfer in transit		-2.69		41.45
		775.80		1163.99
NOTE: Element of Excise duty in Finished Goods				
Closing Balance		53.06		35.24
Opening Balance		35.24		53.21

Includes Rs. (-) 0.34 crore (previous year Rs. 0.71 crore) share of jointly controlled entities.

Schedule-14

Consumption of Material, Erection and Engineering Expenses

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Consumption of Raw material & components	17454.37		15304.56	
Consumption of stores & spares	461.33		442.09	
Erection and Engineering exp. - payment to subcontractors	2947.33		2093.34	
	20863.03		17839.99	

Includes Rs. 164.87 crore (previous year Rs. 168.49 crore) share of jointly controlled entities.

Schedule-15

Employees Remuneration & Benefits

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Salaries, Wages, Bonus, Allowances & other benefits	4743.04		2477.82	
Contribution to gratuity fund	1020.85		-7.58	
Contribution to Provident and other funds	323.91		163.53	
Group Insurance	10.23		8.64	
Staff Welfare Expenses	401.80		377.13	
	6499.83		3019.54	
Directors (incl Chairman & Managing Director) *				
Salaries & Allowance	1.83		0.81	
Contribution to PF	0.19		0.10	
Contribution to Gratuity Fund	0.04		0.03	
Others	0.62		0.30	

Includes Rs. 6.69 crore (Previous year Rs. 4.94 crore) share of jointly controlled entities.

Note: The Chairman & Managing Director and Functional Directors have been allowed the use of staff car for both duty and non-duty journeys. The ceiling of non duty journey is 1000 Kms p.m against recovery of prescribed amount in accordance with terms and conditions of appointment. The monetary value of the above perquisite for the use of car if calculated in accordance with the provision of I.T. Rules, 1962 would amount to Rs. 0.01 Crore (Previous Year Rs. 0.01 Crore)

Schedule-16

Other Expenses of Manufacture, Administration, Selling and Distribution

(Rs. in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Royalty, technical documentation, resident consultancy charges & other consultancy charges	42.75	42.48
Rent (includes Rs. 62.03 crore for rent-residential (Previous year Rs. 44.97 crore))	73.66	53.14
Excise duty	94.96	68.52
Power & Fuel	341.29	344.56
Rates & Taxes	49.16	48.31
Service Tax	7.14	11.51
Insurance	84.93	78.03
Repairs:		
Buildings	51.43	71.78
Plant & Machinery	20.59	16.93
Others	91.73	86.49
Other expenses in connection with exports	23.75	26.55
Bad Debts and amount Written off	37.13	2.81
Carriage outward	303.33	247.34
Travelling & conveyance	227.93	192.69
Miscellaneous Expenses	614.52	553.34
Liquidated damages charged off	105.77	2.85
Donations	0.30	0.13
Corporate social Expenses	4.01	3.00
	2174.38	1850.46
Includes Rs. 10.92 crore (previous year Rs. 7.60 crore) share of jointly controlled entities.		
<u>Notes:</u>		
Repairs do not include expenditure on departmental maintenance which are as under:		
Plant & Machinery	190.74	131.75
Buildings	44.38	40.06
Others	29.39	26.44
Agency Commission on exports included in expenses in connection with exports	15.02	15.34
Expenditure on research & development	352.51	296.10
Payment to Auditors (Net of service tax credit claimed)		
- Fees (includes Rs. 0.04 crore (Previous year Rs. 0.05 crore) to auditors abroad	0.42	0.40
- Expenses	0.15	0.09
- Income tax matters includes Rs. 0.01 crore (Previous year Rs. 0.02 crore) to auditors abroad	0.10	0.10
- Certification work includes Rs. Nil crore (Previous year Rs. 0.01 crore) to auditors abroad	0.18	0.18
- Other Professional services includes Rs. Nil crore (Previous year Rs. 0.04 crore) to auditors abroad	0.10	0.07
Payment to Cost Auditors	0.01	0.01
Expenditure on entertainment	7.35	7.64
Expenditure on foreign travel	14.55	14.10
Expenditure on Publicity and Public relations		
- Salaries allowances & other benefits	10.08	6.31
- Other expenses	16.27	11.83
Director's Fees	0.08	0.08

Schedule-17

Provision

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Doubtful debts, Liquidated Damages and Loans & advances				
- Created during the year	687.79		408.77	
- Less written back during the year	387.88	299.91	362.46	46.31
Contractual Obligations				
- Created during the year	365.11		426.52	
- Less written back during the year	349.01	16.10	241.69	184.83
Others				
- Created during the year	599.85		1214.91	
- Less written back during the year	1849.65	-1249.80	146.09	1068.82
		-933.79		1299.96

Includes **Rs. 0.21 crore** (previous year Rs. (-) 0.21 crore) share of jointly controlled entities.

Schedule-18

Interest & Other Borrowing Costs

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
Interest on:				
Bonds	6.85		1.78	
Banks/financial Institutions borrowings	8.86		8.19	
Others	20.98		25.21	
	36.69		35.18	
Less: Borrowing cost capitalized	0.00		0.00	
	36.69		35.18	

Includes **Rs. 0.28 crore** (previous year Rs. 0.17 crore) share of jointly controlled entities.

Schedule-18A

Prior Period Items

(Rs. in Crore)

	For the year ended 31.03.2010		For the year ended 31.03.2009	
INCOME				
Sales less returns	7.12		11.21	
Operational income (others)	0.00		1.37	
Other income (others)	1.29		0.00	
Interest income (others)	0.00	8.41	0.10	12.68
EXPENDITURE				
Consumption of Raw material & components	0.34		-0.47	
Depreciation	0.20		0.07	
Payment to Sub-contractors	0.00		0.04	
Interest	0.08		0.54	
Misc. Expenses	0.64	1.26	1.26	1.44
Prior period adjustments (Net)		7.15		11.24

Schedule-19

Consolidated Notes to the accounts

1. The Consolidated Financial Statements (CFS) relate to Bharat Heavy Electricals Limited, its 100% owned Subsidiary Company (Bharat Heavy Plate & Vessels Ltd.) and its interest in Joint Venture entities. The consolidated Financial Statements have been prepared on the following basis:-

Basis of Accounting:

- i) The financial statements of the subsidiary company and interest in joint ventures in the consolidation are drawn upto the same reporting date as of the company.
- ii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" and Accounting Standard (AS) 27 – "Financial Reporting of interest in Joint Ventures".

Principles of Consolidation:

- i) The Financial Statements of the Company and its Subsidiary company are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- ii) The financial statements of Joint Venture entities has been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the Significant Accounting Policies.
- iv) The difference between the costs of investments in the subsidiary over the net assets at the time of acquisition of shares in the Subsidiary is recognized in the Financial Statements as Goodwill or Capital Reserve as the case may be.

2. The Subsidiary and Joint Venture companies, all incorporated in India, considered in the financial statements are as follows:

Name of Company	Proportion(%) of Shareholding as on 31.03.2010	Proportion(%) of Shareholding as on 31.03.2009
Subsidiary Company		
Bharat Heavy Plate and Vessels Ltd. (BHPV)	100	100
Joint Venture Companies		
BHEL-GE Gas Turbine Services Ltd.	one share less than 50%	one share less than 50%
NTPC-BHEL Power Projects Pvt. Ltd.	50	50
Barak Power Pvt. Ltd.	50	50
Udangudi Power Corporation Ltd.	50	50
Dada Dhuniwale Khandwa Project	50	-
Raichur Power Corporation Limited	50	-

- a) The financial statements of BHPV are consolidated based on the audited financial statement for the year ended on 31.03.2010.
- b) BHEL-GE Gas Turbine Services Ltd., a Joint Venture Company, the interest in Joint Venture Company is considered based on audited financial statements for the year ended as on 31.03.2010.
- c) NTPC-BHEL Power Projects Pvt. Ltd., a Joint Venture company of BHEL & NTPC, incorporated on 28th day of April, 2008. Interest in joint venture is considered based on audited financial statements for the year ended on 31.03.2010.
- d) Power Plant Performance Improvement Ltd. (PPIL), a Joint Venture Company is under liquidation and provision in respect of investment in PPIL has already been made. However, interest in PPIL has not been considered in Consolidated Financial Statement in view of above.
- e) Barak Power Pvt. Ltd., a Joint Venture Company of BHEL & PTC India Ltd. incorporated on 1st day of September 2008. The interest in JV is considered in the Consolidated Financial Statements based on unaudited financial statements for the year ended on 31.03.2010.

- f) Udangudi Power Corporation Ltd., a Joint Venture Company of BHEL & TNEB, incorporated on 26th day of December, 2008. The interest in JV is considered in the Consolidated Financial Statements based on unaudited financial statements for the year ended on 31.03.2010.
 - g) Dada Dhuniwale Khandwa Power Ltd., a Joint venture company of BHEL and MPPGCL, incorporated on 17th Feb., 2010. The interest in JV is considered in the Consolidated Financial Statements based on unaudited financial statements for the period from 17th Feb., 2010 to 31st March 2010. Preliminary expenses and pre incorporation expenses are yet to be accounted for.
 - h) Raichur Power Corporation Ltd., a Joint venture company of BHEL and KPCL, commences its business operations from 15th April 2009. The interest in JV is considered in the Consolidated Financial Statements based on unaudited financial statements for the period from 15th April, 2009 to 31st March 2010.
3. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for is Rs. 1626.33 crore (Previous Year Rs. 1783.78 Crore) including Rs. 3.98 crore (Previous Year Rs. 24.78 crore) for acquisition of intangible assets.
 4. Land and buildings include:
 - a) 9029.39 acres of land (previous year 9868.255 acres), 36 flats (previous Year 36 flats) and 1 building ((previous year 1 building) for which formal transfer/lease deeds have not been executed including for 71.44 acres of land (previous Year 71.44 acres) for which the cost paid is provisional; registration charges and stamp duty net of provision already made thereon, would be accounted for on payment.
 - b) 28.676 acres of land (previous year 28.676 acres) leased to Ministry of Defence, Government Departments and others.
 - c) 180 acres of land (previous year 180 acres) being used by the Ministry of Defence and for which further approval of the competent authority for continuance of licensing of the land is awaited.
 - d) 116.365 acres of land (previous year 116.365 acres) is under adverse possession.

5. The impact on the profit of providing 100 percent depreciation on fixed assets upto Rs.10000/- each, without considering such impact of earlier years, is as under:

	(Rs. in Crore)	
	2009-10	2008-2009
100% depreciation on assets upto Rs.10,000/- charged off in the accounting year	10.65	15.40
Normal depreciation on above	2.96	9.08
Excess amount charged off	7.69	6.32

6. Sales and despatches to customers :
 - (a) Includes Rs.20.38 crore (previous year Rs. 766.64 crore) based on provisional prices and Rs. 96.86 crore (previous year Rs. 72.82 crore) additional claim for dispatches made in earlier year in accordance with price settlement with railways during the year.
 - (b) Includes Rs. 1108.07 crore (previous year Rs. 923.93 crore) for escalation claims raised in accordance with the sales contracts, inclusive of escalation claims on accrual basis to the extent latest indices were available;
 - (c) Includes despatches of equipment valued at Rs.15.71 crore (previous year Rs. 25.45 crore) held on behalf of customers at their request for which payment has been received by the Company; and
 - (d) Excludes Rs. 23.01 crore (previous year Rs. 15.65 crore)for price reduction due to delay in delivery as per terms of the contract.
7. Contingent Liabilities:
 - (a) Claims against the company not acknowledged as debt:
 - (i) Income Tax pending appeals (net of provisions) Rs. 32.46 crore (previous year Rs. 43.83 crore) against which Rs 2.36 crore (previous year Rs.10.45 crore) has been paid under protest and included under the head deposits-others.
 - (ii) Sales Tax demands Rs. 353.46 crore (previous year Rs. 342.46 crore) against which Rs. 77.03 crore (previous year Rs.81.03 crore) has

been paid under protest/court orders and included under the head advances recoverable.

- (iii) Excise Duty demands Rs. 196.71 crore (previous year Rs. 274.62 crore), against which Rs.5.01 crore (previous year Rs. 5.71 crore) has been paid under protest/court orders and included under the head advances recoverable.
- (iv) Custom Duty demands Rs. 0.21 crore (previous year Rs. 0.21 crore) against which Rs. 0.06 crore (previous year Rs.0.06 crore) has been paid under protest.
- (v) Court / Arbitration cases Rs. 251.63 crore (previous year Rs.125.86 crore).
- (vi) Liquidated Damages Rs. 1287.94 crore (previous year Rs. 1363.44 crore).
- (vii) Counter claim by contractors Rs. 0.61 crore (previous year Rs. 40.99 crore).
- (viii) Service Tax demand Rs. 108.58 crore (previous year Rs. 73.08 crore) against which Rs. 0.22 crore (previous year Rs. 0.17 crore) has been deposited against protest.
- (ix) Others Rs. 62.91 crore (previous year Rs. 66.41 crore).

In view of the various court cases / litigations and claims disputed by the company financial impact as to outflow of resources is not ascertainable at this stage.

- (b) Bills discounted under IDBI scheme outstanding at the close of the year amount to Rs. Nil crore (previous year Rs. 0.06 crore).
8. The company invested a sum of Rs. 5 crore (previous year Rs. 5 crore) towards equity shares of Rs. 10/- each (at par) in erstwhile Konark Met Coke Ltd. (KMCL) Bhubneshwar, to secure orders for equipment being supplied by the company to erstwhile KMCL and Neelachal Ispat Nigam Ltd (NINL). Pursuant to Order passed by Hon'ble Orissa High Court, KMCL was amalgamated with NINL u/s 391 read with section 394 of the Companies Act, 1956 & in terms of the scheme of amalgamation sanctioned by the Hon'ble High Court, Orissa, NINL had allotted equity shares aggregating to Rs. 5 crore (previous year

Rs. 5 crore) to the company. The equity participation in NINL is restricted to 7.5% of the value of the orders received with a maximum of Rs. 17.32 crore (previous year Rs. 17.32 crore).

- 9. Cash credit limit (including bills discounting limit in respect of IDBI Scheme) from banks aggregating to Rs. 100 crore (previous year Rs. 100 crore) and Company's counter guarantee / indemnity obligations in regard to bank guarantee / letters of credit limit aggregating to Rs. 40000 crore (previous year Rs. 30000 crore) sanctioned by the consortium banks are secured by first charge by way of hypothecation of raw materials, components, work in progress, finished goods, stores, book debts and other current assets both present and future. The outstanding bank guarantee as at 31.03.2010 is Rs. 31541 crore (previous year Rs. 26752 crore) and Corporate Guarantee as on 31.03.2010 is Rs. 1685 crore (previous year Rs.1528 crore).
- 10. Other liabilities include a sum of Rs. 100.51 crore (previous year Rs. 100.51 crore) towards guarantee fee demanded by the Government of India in respect of foreign currency loans taken by the company at the instance of the Government upto 1990-91. The matter for its waiver has been taken up with the DHI, Government since there was no stipulation for payment of such guarantee fee at the time the loans (guaranteed by Government) were taken. DHI has vide its letter dated 17.03.10 has intimated that the issue is being examined further.
- 11. Amorphous Silicon Solar Cell Plant (ASSCP), Gurgaon was taken on April 1, 1999 from Ministry of Non-conventional Energy Sources on lease for a period of 30 years. The lease agreement with the Government is yet to be finalised.
- 12. Balances shown under debtors, creditors, contractor's advances, deposits and stock/ materials lying with sub-contractors/fabricators are subject to confirmation, reconciliation and consequential adjustment if any. The reconciliation is carried out on ongoing basis & provisions wherever considered necessary have been made in line with the guidelines.
- 13. (a) The disclosures relating to Construction Contracts entered on or after 01.04.2003 as per the requirement of Accounting Standard AS-7(Revised) are as follows:

(Rs. in Crore)

	2009-10	2008-09
Contract revenue recognized during the year	28203.77	21884.20
In respect of Contract in progress as on 31.03.2010:		
– Cost incurred and recognised profits (less recognized losses)	91109.49	62891.68
– Amount of advance received	9832.28	8632.15
– Amount of retentions (deferred debts)	6771.59	4220.94
In respect of dues from customers after appropriate netting off		
– Gross amount due from customers for the contract work as an asset	2424.08	2881.76
– Gross amount due to customers for the contract work as a liability	3170.29	2703.43
– Contingencies	—	—

- (b) The estimates of total costs and total revenue in respect of construction contracts entered on or after 1st April 2003 in accordance with Accounting Standard (AS) -7 (R) Construction Contracts are reviewed and up dated periodically during the year by the management and necessary adjustments are made in the current year's account.
14. The company has changed the accounting practice of provision for doubtful debts during the year. As against earlier practice of creating provision on a case to case basis, the company has revised it that wherever trial operation has been conducted and the debtors are outstanding for more than three years from the date of trial operation, provisions (including contractual obligations) shall be equal to the debtors as prevalent on that date. In line with this any shortfall in provision with regard to total outstanding has been provided and excess if any, has been withdrawn. The impact due to change in this accounting practice is decrease in profit before tax by Rs.124.61 crore for the year 2009-10.
15. Further, Bank Guarantees given against release of outstanding payment from the customer but undischarged, after 3 years from the date of trial operation, has been reviewed on a case to case basis, for creating provision, if required. The effect of this for the year is decrease in profit before tax by Rs. 57 crore.
16. With the introduction of "Cafeteria approach" for perks & allowances as part of wage revision, earlier practice of LTC/LTA claim by all employees has been dispensed with and now

LTC is one of the perks & allowances under the cafeteria and employee has an option to select any of perks & allowances listed under cafeteria approach subject to a maximum of 46% of basic pay. Hence no separate provision for LTC for the blocks 2010-11 (as per earlier practice) has been provided. The effect of this change on Profit before tax for the year 2009-10 is an increase by Rs. 16.71 crore.

17. The company accounts the leave encashment expenditure with 26 days a month as base. The company proposed a change in the base as 30 days a month in line with the directives of Government of India, Department of Public enterprise vide their O.M. dated 20.9.2005. However, some of the workers unions have raised a dispute under section 9(A) of the Industrial Dispute Act 1947 against the proposed changes in the calculation of leave encashment with 30 days month base instead of 26 days month. As per section 33 (3) of the Industrial dispute Act no employer can alter the service conditions during the pendency of such proceedings with the Conciliation Officer. Pending final disposal of the dispute by the Conciliation officer the status quo is being continued. However, keeping in view the large number of recruitment envisaged in BHEL, the proposed change has been effected for the employees who have joined/ joining BHEL on or after 1st Jan 2010.
18. The details of Research & Development Expenditure (excluding cost of land & building) incurred during the year which is deductible under section 35 (2AB) of the Income Tax Act. 1961. The registration formalities for availing such deductions with DSIR has been completed by March 2010, formal approval letter is awaited from DSIR. However, the weighted deduction @150% on account of R&D expenses incurred during the year has been considered while working out the provision for tax / deferred tax for the year 2009-10.

(Rs. in Crore)

	2009-10	2008-09
A. Capital Expenditure on R&D		
Land	0.00	0.00
Building	0.45	1.10
Plant & Machinery & Other Equipments	23.34	6.50
Total Capital Expenditure	23.79	7.60
B. Revenue Expenditure on R&D		
Salaries & wages	127.79	105.79
Material. consumables/spares	50.93	32.79
Manufacturing and other Expenses	43.68	53.89
Total Revenue Expenditure (net of income)	222.40	192.47

19. The disclosure relating to derivative instruments:

- The derivative instruments that are hedged and outstanding as on 31.03.2010 is Nil (previous year US\$ 0.23 Crore).
- The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under:

(Figures in Crore)

	2009-10		2008-09	
	In foreign currency	In Indian Rs.	In foreign currency	In Indian Rs.
a) Assets / Receivables (i.e. Debtors)				
In US \$	21.60	964.96	24.69	1250.08
In Euro	21.95	1317.78	10.60	705.63
In LYD	0.91	31.97	0.27	10.48
In RO	0.19	22.26	0.22	29.07
In Others		14.92		21.25
b) Liabilities (i.e. Advance from customers / creditors)				
In US \$	29.09	1326.22	17.80	917.89
In Euro	34.63	2126.34	23.88	1637.21
In LYD	2.13	47.97	0.92	37.25
In Others		100.76		70.25

20. The disclosure relating to AS-15 (R) – Employee Benefits

- Effective April 1, 2006 the company adopted the revised Accounting Standard 15 (R) on Employee Benefits. The following disclosure sets out the status as required under AS 15 (R).

b) Gratuity Plan

The gratuity liability arises on account of future payments, which are required to be made in the event of retirement, death in service or withdrawal. The liability has been assessed using projected unit credit actuarial method.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as at the year ended 31.03.2010 are as follows:

(Rs. in Crore)

	2009-10	2008-09
1. Change in present value of obligation		
a) Present value of obligation as at the beginning	1008.43	997.03
b) Acquisition adjustment	-	-
c) Interest Cost	75.60	69.99
d) Past service cost	756.79	-
e) Current service cost	70.70	41.64
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	(413.01)	(92.91)
i) Actuarial (gain) / Loss	195.29	(32.80)
j) Present value of obligation at the end of the period	1693.79	982.95

2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	981.27	978.42
b) Acquisition Adjustments	-	-
c) Expected return on plan assets	83.45	83.16
d) Contributions	-	0.01
e) Benefits paid	(408.99)	(90.79)
f) Actuarial gain / (Loss) on plan assets	(4.08)	2.97
g) Fair value of plan assets as at the end of the year	653.03	973.77
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	981.27	978.25
b) Acquisition Adjustments	-	-
c) Actual return on plan assets	78.07	86.12
d) Contributions	-	-
e) Benefits paid	(408.99)	(90.75)
f) Fair value of plan assets at the year end	653.03	970.62
g) Funded status	(1040.76)	7.58
h) Excess of actual over estimated return of plan assets	(5.38)	2.97
4. Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period - obligation	(209.14)	32.80
b) Actuarial (Gain) / loss for the period – plan assets	4.04	(2.97)
c) Total (gain) / loss for the period	213.18	(35.77)
d) Actuarial (gain)/ loss recognized in the period	213.18	(35.77)
e) Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at end of the period	1693.79	982.95
b) Fair value of plan assets as at the end of period	653.03	973.78
c) Funded status	(1040.76)	7.58
d) Excess of actual over estimated	(5.38)	2.97
e) Unrecognised actuarial (gains)/ losses	-	-
f) Net asset/ (liability) recognized in balance sheet	(1040.76)	6.11
6. Expense recognized in the statement of profit and loss a/c		
a) Current service cost	70.70	41.64
b) Past service cost	758.12	-
c) Interest cost	74.27	69.99
d) Expected return on plan assets	(83.45)	(83.16)
e) Curtailment cost / (Credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	213.19	(35.78)
h) Expenses recognized in the statement of profit & losses	1020.85	(7.58)

Assumptions- (BHEL) Discounting rate 7.00% (previous year 7.00%), Future salary increase 4.50% (previous year 5.00%), Expected rate of return on plan assets 8.50% (previous year 8.50%).

c) Post Retirement Medical Benefits plan

(Rs. in Crore)

1. Change in present value of obligation	2009-10	2008-09
a) Present value of obligation as at the beginning	758.80	666.08
b) Acquisition adjustment	-	-
c) Interest Cost	56.91	46.63
d) Past service cost	-	-
e) Current service cost	16.04	14.59
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	(29.91)	(26.39)
i) Actuarial (gain) / Loss	58.59	57.89
j) Present value of obligation as at the end of year	860.43	758.80
2. Change in the fair value of plan assets	-	-
3. Fair value of plan assets	-	-
Funded Status	(860.43)	(758.80)
4. Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period - obligation	(58.59)	(57.89)
b) Actuarial (Gain) / loss for the period – plan assets	-	-
c) Total (gain) / loss for the year	58.59	57.89
d) Actuarial (gain)/ loss recognized in the period	58.59	57.89
e) Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the year	860.43	758.80
b) Fair value of plan assets as at the end of the year	-	-
c) Funded status	(860.43)	(758.80)
d) Net assets / (liability) recognized in balance sheet	(860.43)	(758.80)
6. Expenses recognized in the statement of profit and loss		
a) Current service cost	16.04	14.59
b) Interest cost	56.91	46.63
c) Net actuarial (gain) / loss recognized in the year	58.59	57.89
d) Expenses recognized in the statement of profit & loss	131.54	119.11

d) Provident Fund

In line with the guidance note on AS-15 (R) issued by ICAI, the company has got the actuarial valuation of provident fund in respect of PF trusts of the company. As per the actuarial valuations, a liability of Rs. 6.49 crore (previous year Rs.(-) 4.14 crore reversal) provided during the year 2009-10, with this the cumulative likely interest shortfall for the future period is Rs. 16.13 crore (previous year Rs. 9.64 crore), to be compensated by the company to the PF trusts has been kept in the books of accounts.

21. Related Party Transactions:

i) Related Parties where control exists (Joint Ventures):

Powerplant Performance Improvement Ltd.
 BHEL-GE Gas Turbine Services Pvt. Ltd.
 NTPC-BHEL Power Projects Pvt. Ltd.
 Udangudi Power Corporation Ltd.
 Barak Power Pvt. Ltd.
 Raichur Power Corporation Ltd.
 Dada Dhuniwale Khandwa Power Ltd.

ii) Other related parties (Key Management Personnel- Functional Directors: existing & retired):

S/Shri B.P. Rao , C.S.Verma, Anil Sachdev, Atul Saraya, O. P. Bhutani, K.Ravi Kumar, C.P. Singh, Anil Gupta, R.M. Verma, A.K. Goswamy, B. Sainath, Anand K. Bansal, R. Nagaraja, S.M. Jaamdar, P.N. Venkatesh, S.S. Gupta, C.P. Singh, C. Rajgopal, K. Balasubramanian, A.S. Nagaraja, P.V. Sridharan, Om Prakash, R.B. Aggarwal, R.S. Rastogi and Mohd. Sulemain.

iii) Details of transactions: (Rs. in Crore)

Particulars	Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchase of Goods and Services	2.51	61.07				
Sales of Goods and services	63.01	67.86				
Rendering of Services	5.59	4.85				
Receiving of Services						
Dividend income	15.83	18.45				
Royalty income	0.84	1.46				
Amounts due to BHEL at the end of the year	18.30	26.59			0.01	0.01
Amounts due from BHEL at the end of the year	1.06	0.70				
Provision for Doubtful debts	0.02	0.02				
Amount written back	-	-				
Guarantees given on behalf of	-	-				
Payment of Salaries			1.91	0.78	0.14	0.10

22. Lease**a. Details of assets taken on finance lease on or after 1st April, 2001 are as under:**

(Rs. in Crore)

	As on 31-3-2010	As on 31-3-2009
a. Outstanding balance of Minimum Lease payments		
– not later than one year	55.84	57.03
– later than one year and not later than five years	89.48	117.46
– later than five years	-	-
Total minimum lease payments at the balance sheet date	145.32	174.49
b. Present Value of (a) above		
– not later than one year	47.56	44.15
– later than one year and not later than five years	74.88	99.75
– later than five years	-	-
Total minimum lease payments at the balance sheet date	122.44	143.90
c. Finance charges	22.88	30.59
Present value of Residual value, if any	0.01	0.01

- b. The company is in the practice of taking houses for employees, office buildings and EDP equipment etc., on operating lease both as cancellable and non-cancellable.
- c. The future minimum lease payments under non-cancellable operating lease are as under:

(Rs. in Crore)

	As on 31.03.2010	As on 31.03.2009
– not later than one year	4.39	4.36
– later than one year and not later than five years	9.26	7.34
– later than five years	0.91	0.03

- d. Details regarding rentals in respect of assets taken on lease prior to 1.4.2001 is as given below:

(Rs. in Crore)

Assets	Cost of Assets		Rentals payable over unexpired period of lease	
	2009-10	2008-09	2009-10	2008-09
Computers & Peripherals	0.83	0.83	0.01	0.01
Land & Buildings	0.07	0.06	0.02	0.03
TOTAL	0.90	0.89	0.03	0.04

23. Earnings per Share:

			2009-10	2008-09
Weighted average number of Equity Shares outstanding during the year	(A)	Nos. in Crore	48.952	48.952
Nominal Value of Equity Share		(Rs.)	10.00	10.00
Net Profit for the year	(B)	(Rs. in Crore)	4326.92	3115.17
Basic and Diluted Earnings Per Share	(B)/(A)	(Rs.)	88.39	63.64

24. The break up of net deferred tax assets on account of timing difference are as under:

(Rs. in Crore)

	As on 31.03.2010	As on 31.03.2009
Deferred Tax Assets		
Provisions	993.50	1337.02
Deferred Revenue Expenditure of Voluntary Retirement Schemes	0.00	0.01
Statutory dues	502.48	470.07
Adjustment as per section 145A	47.20	85.37
R&D expenditure u/s 35 (2AB)	42.24	-
Others	17.13	6.41
	1602.55	1898.88
Deferred Tax Liabilities		
Depreciation	73.93	57.88
Net Deferred Tax Assets	1528.62	1841.00

- 25 Wage revision settlement with employees has been finalised during the year. The arrears from 01.01.2007 to 31.03.2009 amounting to Rs. 2087.50 crore (net of Rs. 798.59 crore adhoc and 50% DA merger impact accounted upto 31.03.2009) have been charged to P&L account and provision available upto 31.03.2009 amounting to Rs.1749.34 crore is withdrawn in P&L accounts and shown under provisions vacated during the year.

Provision against pension scheme as envisaged in wage settlement as part of superannuation benefits has been kept at Rs. 453.10 crore as on 31.03.2010 (due from 01.01.2007 to 31.03.2010) based on estimation, pending finalization and approval of the scheme.

- 26 Item of expense and income less than Rs. one Lakh are not considered for booking under Prior Period Items.
27. For certain items, the Company and its Joint Ventures have followed different accounting policies as indicated in Significant Accounting policies. However, impact of the same is not material. The share of jointly controlled entities has been indicated in each schedule of annual accounts by way of a note.

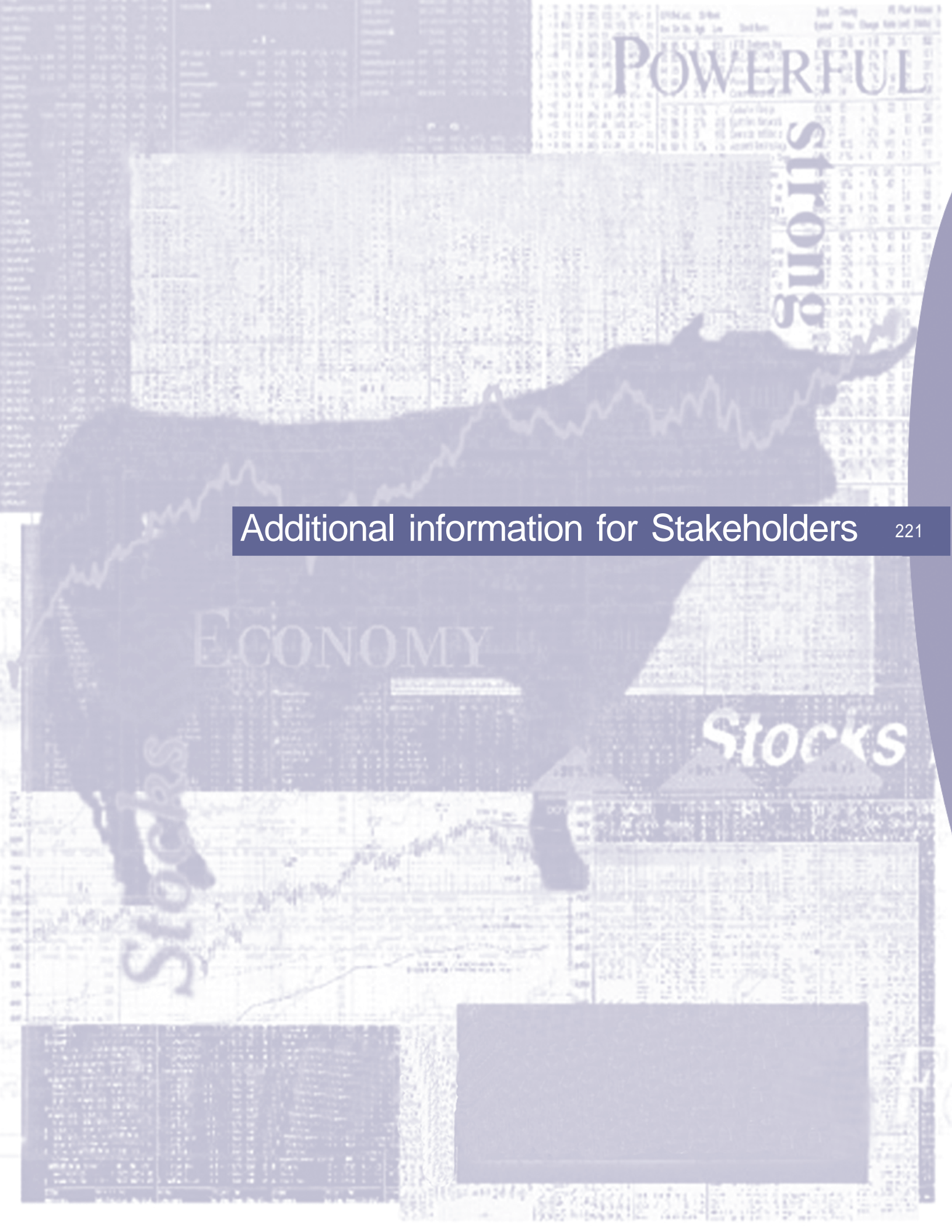
28. SEGMENT INFORMATION - CONSOLIDATED

(Rs. in Crore)

	For the year ended 31.03.2010			For the year ended 31.03.2009		
A. PRIMARY SEGMENT - BUSINESS SEGMENTS						
	Power	Industry	Total	Power	Industry	Total
I. SEGMENT REVENUE						
a. Segment Revenue	27079.12	7960.58	35039.70	21558.03	7321.59	28879.62
b. Inter-Segment Revenue	0.00	541.19	541.19	0.00	504.40	504.40
c. Operating Revenue-External (a) - (b)	27079.12	7419.39	34498.51	21558.03	7825.99	28375.22
II. SEGMENT RESULTS						
a. Segment Results	6355.06	1632.27	7987.33	3896.77	1175.45	5072.22
b. Unallocated expenses (Net of income)			1329.75			199.09
c. Profit before Interest, DRE & Income tax (a) - (b)			6657.58			4873.13
d. Interest			36.69			35.18
e. Net Profit before Income Tax (c) - (d)			6620.89			4837.95
f. Income Tax			2293.97			1722.78
g. Net Profit after Income Tax			4326.92			3115.17
III ASSETS & LIABILITIES						
a. Segment Assets	27763.81	8450.11	36213.92	21432.51	6913.01	28345.52
b. Unallocated Assets			12486.43			13308.35
c. Total Assets			48700.35			41653.87
d. Segment Liabilities	25226.85	6253.88	31480.73	21975.72	5570.10	27545.82
e. Unallocated Liabilities			1323.66			1185.31
f. Total Liabilities			32804.39			28731.13
IV OTHER INFORMATION						
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	1394.83	270.95			1049.45	145.12
b. Depreciation	302.06	83.27			196.04	65.62
c. Non Cash Expenses (other than depreciation)	-452.84	-269.07			701.53	356.07
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS						
	Within India	Outside India	Total	Within India	Outside India	Total
1 Net Sales / Income from Operations	32793.25	1705.26	34498.51	26550.83	1824.39	28375.22
2 Total Assets	48644.37	55.99	48700.35	41464.42	189.45	41653.87
3 Cost incurred during the period to acquire Fixed Assets	1696.20	0.22	1696.42	1308.26	0.06	1308.32

Notes:

- The products and services of the company have been grouped under 'Power' and 'Industry' segments depending upon the sector to which they are predominantly identified in the market.
- Power sector includes products and services relating to various power generating sets and its auxiliaries.
- Industry sector includes products and services relating to transportation and transmission, electric machines, industrial sets and DG sets and telecommunications and other industrial products and systems.
- Inter segment transfers have been carried out at mutually agreed prices.
- BGGTS (JV) is in the business of sale of parts and components of gas turbines, Engineering services, repair services and uprate repairs has been considered under 'Power Segment'.
- BHPV (Subsidiary Co.) is in the business of fabrication/ erection on industrial boiler, fertilizer, chemicals and other equipment considered under 'Industry segment'.



Additional information for Stakeholders

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Ten Years Summary

(Rs. in Crore)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
I EARNINGS										
Turnover (Gross)	34154	28033	21401	18739	14525	10336	8662	7482	7287	6348
Other Income	1648	1497	1445	824	547	656	513	838	770	1295
Changes in stock	787	1152	827	181	386	540	-31	-45	-37	251
Total Earnings	36589	30682	23673	19744	15458	11532	9144	8275	8020	7894
Materials, Erection & Engineering Expenses	20672	17620	11821	10018	8147	5871	4229	3607	3724	3486
Personnel Payments	6449	2984	2608	2369	1879	1650	1640	1505	1445	2170
Other mfg., admn. & selling expenses	2385	4864	4482	3305	2564	2128	2003	2121	1921	1741
Outgoings before interest & depr.	29506	25468	18911	15692	12589	9650	7872	7233	7090	7397
Profit before depreciation, interest & tax	7083	5214	4762	4052	2869	1882	1272	1042	930	497
Depreciation	458	334	297	273	246	219	198	185	169	158
Gross Profit	6625	4880	4465	3779	2623	1663	1074	857	761	339
Interest	34	31	35	43	59	81	60	55	97	44
Profit before tax	6591	4849	4430	3736	2564	1582	1014	802	664	295
Provision for tax	2280	1711	1571	1321	885	628	357	358	195	-19
Profit after tax	4311	3138	2859	2415	1679	953	657	444	469	314
Dividend	1141	832	746	600	355	196	147	98	98	73
Corporate Dividend Tax	191	142	127	93	50	27	19	13	0	7
Retained Profit	2979	2164	1986	1722	1275	731	491	333	371	234
II WHAT THE COMPANY OWNED										
Gross Block	6580	5225	4443	4135	3822	3629	3460	3349	3182	3004
Less: Accumulated Depreciation & Lease Adj.	4165	3754	3462	3146	2840	2585	2365	2179	2005	1861
Net Block	2415	1471	981	989	982	1044	1095	1170	1177	1143
Capital WIP	1530	1157	658	303	185	95	109	59	57	61
Investments	80	52	8	8	8	9	29	10	10	10
Current Assets, Loans & Advances	42935	36901	27906	20980	16331	13343	10425	8348	8054	7576
Total assets	46960	39581	29554	22280	17506	14491	11658	9587	9298	8790
III WHAT THE COMPANY OWED										
Borrowings (incl. Credits for assets taken on lease)	128	149	95	89	558	537	540	531	666	1026
Current liabilities & provisions	32442	28333	20022	14337	10320	8446	6337	4756	4714	4163
Total liabilities	32570	28482	20117	14426	10878	8983	6877	5287	5380	5189
IV NET WORTH OF THE COMPANY										
Share Capital	490	490	490	245	245	245	245	245	245	245
Reserves & Surplus	15427	12449	10285	8544	7057	5782	5051	4559	4225	3586
Less : Deferred Revenue Expenditure	-	-	-	-	-	-	18	96	249	229
Net Worth	15917	12939	10775	8788	7301	6027	5278	4708	4221	3602

Ten Years Summary (Contd.)

(Rs. in Crore)

V CAPITAL EMPLOYED	12988	10091	8873	7640	7001	5950	5212	4772	4527	4566
VI VALUE ADDED	13171	9894	8323	7182	5683	4254	3680	3248	3074	2660
VII RATIOS										
PBDIT to total assets (%) #	16.37%	15.08%	18.4%	20.4%	17.9%	14.4%	12.0%	11.0%	10.3%	5.9%
Gross profit to capital employed (%) #	57.41%	51.47%	54.1%	51.6%	40.5%	29.8%	21.5%	18.4%	16.7%	8.4%
Turnover/ gross block	5.2	5.4	4.8	4.5	3.8	2.8	2.5	2.2	2.3	2.1
Earnings per share (Rs.)	88.06	64.11	58.4	98.7	68.6	39.0	26.9	18.2	19.1	12.8
Net worth per share (Rs.)	325.16	264.32	220.1	359.0	298.31	246.24	215.64	192.36	172.43	147.16
Current Ratio	1.32	1.30	1.4	1.5	1.6	1.6	1.7	1.8	1.7	1.8
Total Debt / Equity	0.01	0.01	0.01	0.01	0.08	0.09	0.10	0.11	0.16	0.28
Return on Net Worth	27.1%	24.3%	26.5%	27.5%	23.0%	15.8%	12.5%	9.4%	11.1%	8.7%
Gross profit margin	19.4%	17.4%	20.9%	20.2%	18.1%	16.1%	12.4%	11.5%	10.4%	5.3%
Net profit margin	12.6%	11.2%	13.4%	12.9%	11.6%	9.2%	7.6%	5.9%	6.4%	4.9%

On the basis of average net assets and capital employed

* Figures upto 2006-07 are based on number of shares pre-bonus issue of 1:1.

Reconciliation of Profit (Standalone) determined under Indian GAAP with Net Income in accordance with US GAAP for the year 2009-10

	Notes	Rs. Crore	US \$ (Million)
Profit after tax (Standalone) determined under Indian GAAP		4,310.64	954.95
Adjustment to conform with US GAAP			
Rental Income (lease)	1	(32.21)	(7.14)
Income from investment in Joint Ventures & Subsidiary	2	0.49	0.11
Research & Development Expenses	3	(16.39)	(3.63)
Depreciation	4	48.60	10.77
Prior period items (incl. provision for taxation earlier years Rs. (-) 34.58 crore)	5	(44.00)	(9.75)
Net income in accordance with US GAAP		4,267.13	945.31

1 US \$ = Rs. 45.14 (Exchange rate as on 31.03.2010)

Notes to Reconciliation of Net Profit determined under Indian GAAP with Net Income in accordance with US GAAP

The following notes show the difference between Indian GAAP and US GAAP and necessary adjustment to arrive at net Income under the US GAAP.

1. Rental Income (Lease)

As per Indian GAAP assets given on lease classified as finance lease prior to 1.4.2001 are capitalised at the normal sale price/fair value/contracted price and depreciation on the same has been charged. Lease rental income is recognised after adjusting lease equalisation. Under US GAAP assets given on finance lease, finance income is only recognised over the lease period.

2. Income from Investment in Joint Ventures & Subsidiary

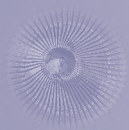
As per Indian GAAP dividend income from joint ventures / Subsidiary is recognised and provision for diminution in value, if any, is made for the investment in joint ventures. Under US GAAP share of income/ loss generated by joint ventures / subsidiary is recognised in the income statement in proportion to holding.

3. Research & Development Expenses

As per Indian GAAP R&D expenses in the nature of development are capitalised and amortised over the estimated useful life and shown under depreciation / amortisation. Under US GAAP amortisation of R&D assets is charged as R&D expenses.

4. Depreciation

As per Indian GAAP depreciation is charged to Income statement on assets given on finance lease prior to 1.4.2001. Under US GAAP assets given on finance lease, finance income is recognised. As per Indian GAAP amortisation of R&D assets is shown under depreciation/amortisation. Under US GAAP amortisation of R&D assets is charged as R&D expenses to income statement.



5. Prior period items

As per Indian GAAP prior period items are reported separately in the income statement for the year. Under US GAAP prior period items are accounted by adjustment to prior years under retained profits.

As per our report of even date
For M. L. Puri & Co.
Chartered Accountants
FRN02312N

(Navin Bansal)
Partner

(B. Prasada Rao)
Chairman & Managing Director

Place : New Delhi
Date : 23.07.2010

Auditor's Report on US GAAP Reconciliation

We have audited the Reconciliation of Net Profit of Bharat Heavy Electricals Limited for the year ended 31st March, 2010 under Indian GAAP to Net Income in accordance with US GAAP ("the Reconciliation").

The Reconciliation is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, such Reconciliation, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

for M. L. Puri & Co.
Chartered Accountants
FRN02312N

(Navin Bansal)
M.No. 091922

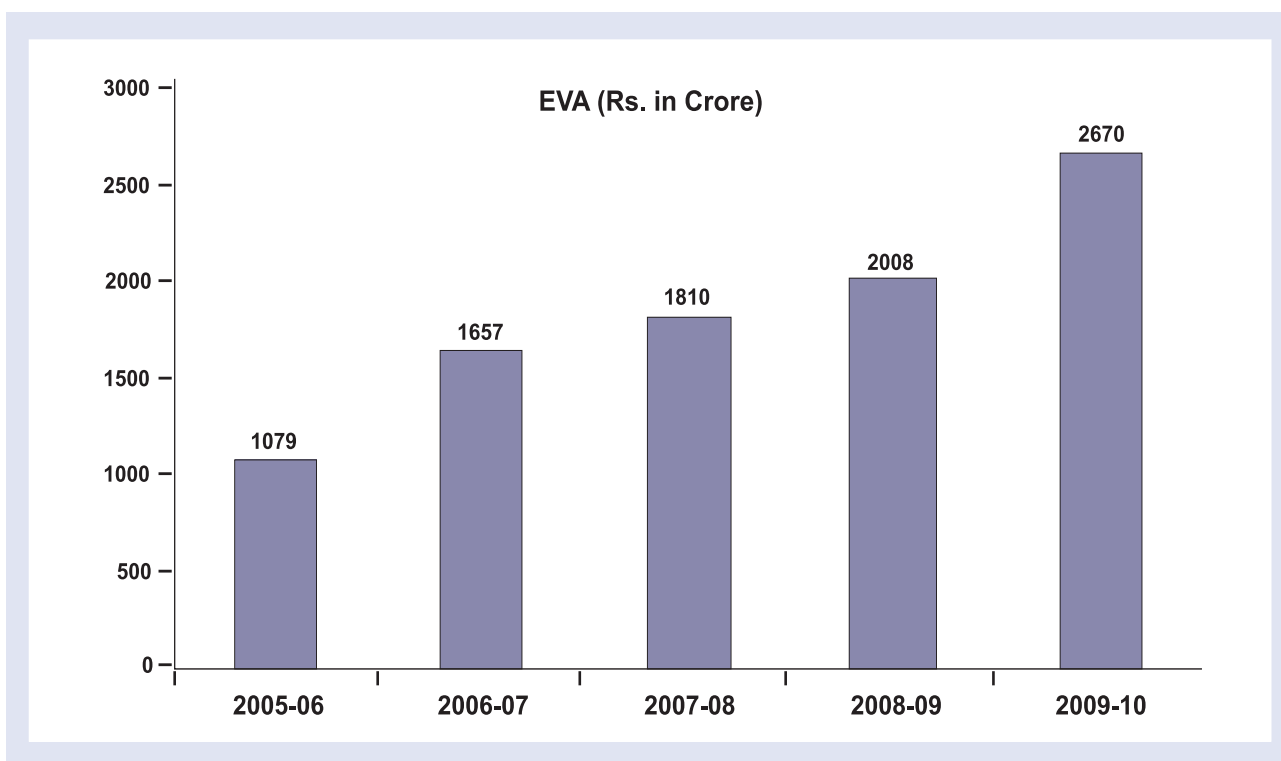
Place : New Delhi
Date : 23.07.2010

Economic Value Added (EVA)

EVA is the relevant yardstick for measuring “economic profits”. EVA is the company’s net operating profit after tax, after deducting the cost of capital. Companies, which earn returns higher than the cost of capital, create wealth for the shareholders and on the other hand companies earning returns lower than the cost of capital, destroy shareholders wealth.

Rs. in Crore except as otherwise stated

		2009-10	2008-09	2007-08	2006-07	2005-06
Cost of capital						
Cost of equity	(%)	13.3	13.4	14.4	14.6	11.9
Weighted average cost of capital (WACC)	(%)	13.3	13.4	14.4	14.4	11.5
Average capital employed		11540	7751	6467	5544	5037
Economic Value added						
NOPAT		4206	3047	2739	2454	1660
Less: Cost of capital		1536	1039	929	797	581
Economic value added		2670	2008	1810	1657	1079
Enterprise Value						
Market Value of equity		117027	73944	100907	55349	54874
Add: Debt		128	149	95	89	558
Less: Cash and cash equivalents		9790	10315	8386	5809	4134
Enterprise value		107365	63778	92616	49629	51298



VALUE ADDITION STATEMENT

(Rs. in Crore)

Description	2009-10	2008-09	2007-08	2006-07	2005-06
A. Generation of Value Addition					
Value of Production (less excise duty)	33598	27351	20090	17324	13675
Less- Direct Material, Power & Fuel and Payments to Contractors	20427	17458	11767	10142	7992
Value Added	13171	9894	8323	7182	5683
Less - Other Operating Exp (Net of income)	936	567	415	679	935
Net Value Addition	12235	9327	7908	6503	4748
% to value of production	36.42%	34.10%	39.36%	37.54%	34.72%
B. Application of Value Addition					
Employees payments *	5153	4113	3146	2451	1879
% to net value addition	42.12%	44.10%	39.78%	37.69%	39.57%
Depreciation	458	334	297	273	246
% to net value addition	3.74%	3.58%	3.76%	4.20%	5.18%
Financing charges :					
- Interest on borrowings	34	31	35	43	59
% to net value addition	0.27%	0.33%	0.44%	0.67%	1.24%
Tax Provision					
(Income Tax., Def. tax, FBT & Prior Period)	2280	1711	1571	1321	885
% to net value addition	18.64%	18.34%	19.87%	20.32%	18.64%
Dividend (incl. dividend tax)	1332	974	873	692	405
% to net value addition	10.89%	10.43%	11.04%	10.65%	8.52%
Retained Profit	2979	2164	1986	1722	1274
% to net value addition	24.34%	23.21%	25.11%	26.48%	26.84%

* After adjusting provision for wage revision

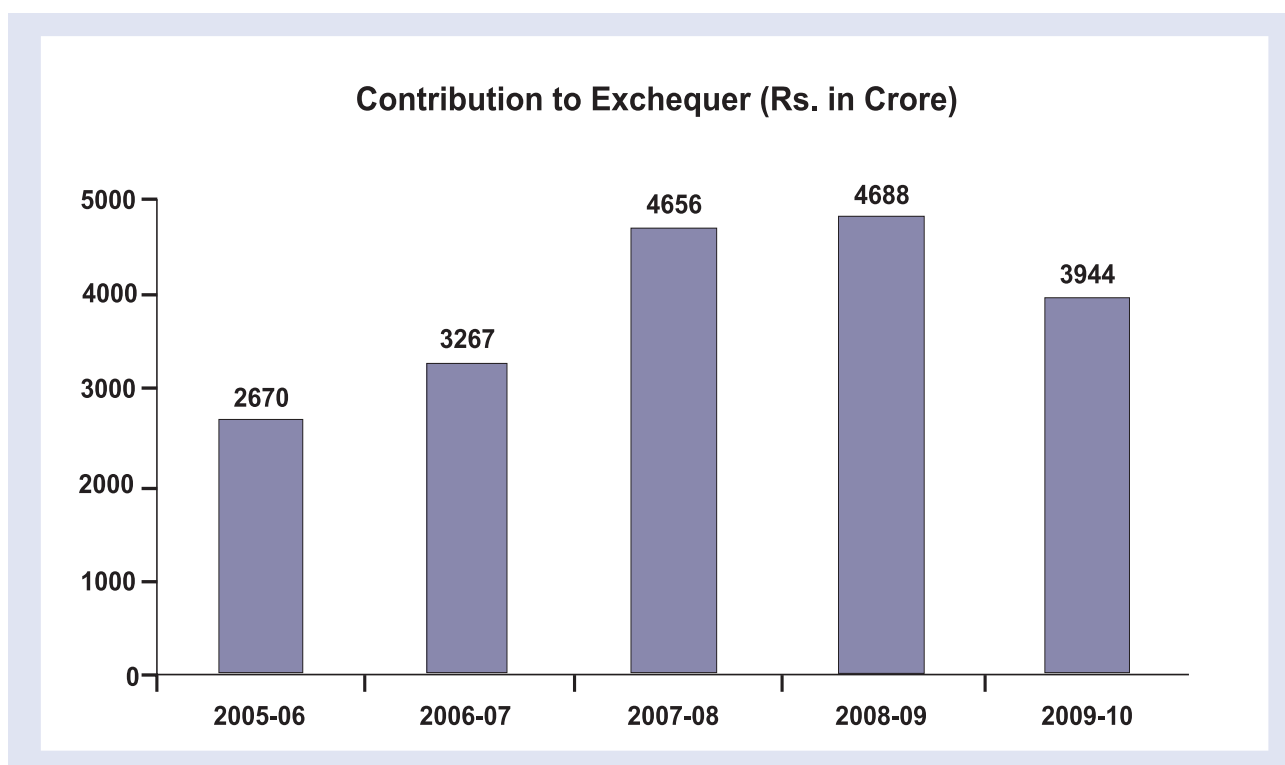
Performance vis-a-vis Annual Plan 2009-10

(Rs. in Crore)

Category of Investment	2009-10	2008-09
Schemes	1283	817
Modernisation & Rationalization and Others	65	78
Science & Technology	37	12
Tools & Plants and Enabling Services for power plant Sites	328	175
TOTAL	1713	1082

Contribution to Exchequer

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The contribution to exchequer in the current year has shown a downward trend mainly due to reduction in taxes and duties, change in nature of imports, product mix etc.

Product Profile

THERMAL POWER PLANTS

- Steam turbines, boilers and Turbo Generators of up to 800 MW capacities for fossil-fuel and combined-cycle applications, capability to manufacture boilers and steam turbines with supercritical steam cycle parameters and matching Turbo Generators of up to 1000 MW unit size
- Steam turbines, boilers and Turbo generators for CPP applications; capability to manufacture condensing, extraction, injection or any combination of these types of steam turbines
- Condensers and Heat Exchangers meeting above requirement of TG Sets up to 1000 MW

NUCLEAR POWER PLANTS

- Steam generator & Turbines and matching Turbo-Generators, Condensers up to 700 MW capacity
- Heat exchangers
- Pressure vessel
- Reactor vessels

GAS-BASED POWER PLANTS

- Gas turbines of up to 280 MW (ISO) advance class rating
- Gas turbine-based co-generation and combined-cycle systems for industry and utility applications

HYDRO POWER PLANTS

- Custom-built conventional hydro turbines of Kaplan, Francis and Pelton types with matching generators, pump turbines with matching motor-generators upto 300 MW (in speed range of 200-300rpm), Bulb turbine with matching generators up to 10 MW
- High capacity pumps along with matching motors for Lift Irrigation Schemes (up to 150 MW)
- Electro Hydraulic Microprocessor based Digital Governor for conventional turbines,
- Microprocessor based Digital Controller for lift irrigation pumps
- Mini / micro hydro sets with PLC based compact Digital Governor up to 15 MW
- Static excitation systems for Hydro generator & motors
- Brushless exciter for Hydrogenerator & motors

- Special purpose Motor Generator sets
- Spherical, butterfly and rotary valves and auxiliaries for hydro stations

DG POWER PLANTS

- HSD, LDO, FO, LSHS, natural gas based diesel generator power plants, unit rating of up to 20 MW and voltage up to 11 kV, for emergency, peaking as well as base load operations on turnkey basis

INDUSTRIAL SETS

- Industrial turbo-sets of rating from 1.5 to 150 MW
- Gas turbines and matching generators ranging from 25 to 280 MW (ISO) rating
- Industrial steam turbines and gas turbines for drive applications and co-generation applications
- Reheat steam turbines and matching generators ranging from 120 to 150MW

BOILERS

- Steam generators for utilities, ranging from 30 to 800 MW capacity, using coal, lignite, oil, natural gas or a combination of these fuels; capability to manufacture boilers with supercritical parameters up to 1000 MW unit size
- Steam generators for industrial applications, ranging from 40 to 450 t/hour capacity, using coal, natural gas, industrial gases, biomass, lignite, oil, Bagasse or a combination of these fuels.
 - Pulverized fuel fired boilers.
 - Stoker boilers
 - Bubbling fluidized bed combustion (BFBC) boilers
 - Circulating fluidized bed combustion (CFBC) boilers
- Heat-recovery steam generators (HRSG).
- Chemical recovery boilers for paper industry, ranging from capacity of 100 to 1000 t/day of dry solids
- Pressure Vessels

BOILER AUXILIARIES

- Fans
 - ❖ Axial reaction fans of single stage and double stage for clean air application and dust laden hot gases applications up to 200°C, with

capacity ranging from 40 to 1200m³/s and pressure ranging from 400 to 1,500 mmWc

- ❖ Axial impulse fans for both clean air and flue gas applications up to 200°C, with capacity ranging from 25 to 600m³/s and pressure up 300 to 700 mmWc
- ❖ Single and double-suction radial fans for clean air and dust-laden hot gases applications up to 400°C, with capacity ranging from 4 to 660m³/s and pressure ranging from 200 to 3000 mmWc
- Air-Preheaters
 - ❖ Tubular Air Preheaters for industrial and utility boilers
 - ❖ Rotary regenerative air-Preheaters for boilers and process furnaces
 - ❖ Large rotary regenerative air-Preheaters for utilities of capacity up to 800 MW
- Gravimetric Feeders
- Pulverizers
 - ❖ Bowl mills of slow and medium speed of capacity up to 100 t/hour
 - ❖ Tube mills for pulverizing low-grade coal with high-ash content
 - ❖ Bowl mills for super critical boilers
- Bag Filters for Utility and Industrial applications
- Electrostatic Precipitators (ESP)
 - ❖ Electrostatic precipitators of any capacity with outlet emission as low as 17 mg/Nm³ (efficiency up to 99.97%) for utility and industrial applications including Bio mass fired boilers, cement plants, steel plants, soda recovery boilers etc
- Flue gas desulphurization (FGD) systems with sea water/ limestone slurry scrubber
- Steel Chimneys for auxiliary boilers and other flue gas exhaust applications
- Desalination and Water Treatment Plants
 - ❖ Reverse Osmosis (RO) based Desalination Plants for treating Seawater, high Brackish and waste water for domestic and industrial applications
 - ❖ Reverse Osmosis based Demineralization (RO-DM) Plants for Power Plant to generate Water for Service / Potable / Boiler Feed Make-up requirements

- ❖ Various types of Pre-Treatment (Membrane based / Conventional) Systems to condition raw-water suitable for RO Application
- ❖ Operation and Maintenance of Desalination Plants
- Guillotine gates & dampers
 - ❖ Guillotine gates with electric / pneumatic actuator. Sizes up to 6m height & 7m width (with split). 100% leak proof with seal air
 - ❖ Bi-plane dampers with electric actuator. Sizes up to 7m height & 5m width. 100% leak proof with seal air.
 - ❖ Louver dampers (Open close / Regulating) with electric / pneumatic actuator. Sizes up to 7m height & 5m width.

SOOT BLOWERS

- ❖ Long retractable soot blowers (travel up to 12.2m), wall deslaggers, rotary blowers and temperature probes and related control panels operating on pneumatic, electric or manual mode.
- ❖ Swivel arm type soot blowers for regenerative air-Preheaters.

VALVES

- ❖ High-Pressure and Low-Pressure Bypass valves for utilities.
- ❖ High and medium-pressure valves, cast and forged steel valves of gate, globe, non-return Valves (swing-check and piston lift-check) types for steam, oil and gas duties up to 900 mm diameter, maximum pressure class 4500 (791 Kg/cm²) and 650 °C temperature.
- ❖ High-capacity safety valves and automatic electrically operated pressure relief valves for set pressure up to 217kg/cm² and temperature up to 571°C
- ❖ Safety relief valves for applications in power, process and other industries for set pressure up to 421 kg/cm² and temperature up to 537° C
- ❖ Reactive cum absorptive type Silencers maximum diameter of 2500 mm size
- ❖ Quick Closing Non return valves for Extraction lines and Cold Reheat Non Return valves, up to 800 mm diameter, 105 kg/cm² pressure and 540 °C temperature

PIPING SYSTEMS

- ❖ Power cycle piping, Constant load Hangers,

Variable spring Hangers, Hanger components, Low Pressure piping including Circulating Water Piping for power stations up to 1000 MW capacity

- ❖ Piping systems for Nuclear Power Stations, Combined Cycle Power Plants, Industrial boilers and for power plants in Process Industries

HEAT EXCHANGERS AND PRESSURE VESSELS

- ❖ CS/AS/SS/Non-ferrous shell and tube heat exchangers and pressure vessels
- ❖ Air-cooled heat exchangers
- ❖ Steam jet air ejectors
- ❖ Deaerators
- ❖ Gland steam condensers
- ❖ Drain coolers
- ❖ LP & HP feed water heaters
- ❖ Gas coolers, Oil coolers, Air coolers

CONDENSER AND HEAT EXCHANGERS

- ❖ Surface Condenser:
 - 12.5 MW Marine
 - 20 to 500 MW Thermal
 - 236 MW Nuclear
 - Industrial Condensers
- ❖ Feed Water Heaters
 - 20 to 500 MW Thermal
 - 236 and 500 MW Nuclear
- ❖ Moisture Separator and Re-Heaters:
 - 236 and 500 MW Nuclear
- ❖ Auxiliary Heat Exchangers for Turbo and Hydro Generators
 - Air Coolers (Frame & Tube Type)
 - Oil Coolers (Shell & Tube Type and Plug In Type)
 - Hydrogen Coolers (Frame & Tube Type)
- ❖ Auxiliary Heat Exchangers for Transformers
 - Oil Coolers (Shell & Tube Type Single Tube or Concentric Double Tube Type) (Frame & Tube Type)
- ❖ Auxiliary Heat Exchangers for General Application
 - Water - Water Coolers (Shell & Tube Type)
- ❖ Industrial Heat Exchangers for

- Refineries
- Petro-Chemicals
- Fertilizers.

PUMPS

- Pumps for various applications to suit utilities up to a capacity of 1000 MW
- Boiler feed pumps (motor or steam turbine driven)
- Boiler feed booster pumps
- Condensate extraction pumps
- Circulating water pumps

AUTOMATION AND POWER ELECTRONIC SYSTEMS

- UNIFIED Automation for Power Plants including sub-critical thermal utilities and industrial utilities and industrial CPP [Distributed control system (DCS) for Steam Turbines, Steam Generators, BFP driven Turbines, Gas Booster Compressors and Balance of Plant Systems]
- Gas Turbine Control Systems
- Hydro Power Plant Control Systems
- Excitation systems
- Industrial Automation
- Sub-station Automation System (SAS) and Supervisory Control and Data Acquisition Systems (SCADA)
- DC Drive Systems
- AC Drive Systems
- Static Starters
- Traction Drive Systems for locos and EMUs.
- HVDC Systems / FACTS /Custom Power Controllers
- Static VAR Compensation (SVC) Systems.
- Induction heating equipment.

SWITCHGEAR

Medium Voltage Vacuum Switchgear of various types for indoor and outdoor applications for voltage ratings up to 36 kV and Gas insulated switchgears (36 KV -145 kV).

- Indoor switchgears up to 12 KV ,50KA,3150 Amp
- Indoor switchgears up to 36 KV ,31.5KA,2500 Amp
- Outdoor Vacuum circuit breakers 12 KV,25KA,1250Amp
- Outdoor Vacuum circuit breakers 36 KV,25KA,1600Amp

- Outdoor Vacuum circuit breakers 25 KV, 20KA, 1600Amp
- Outdoor Pole mounted Autorecloser / sectionaliser / capacitor switch for 12 KV
- Gas insulated switchgears (36 KV -145 kV)
- SF6 circuit breakers (145 KV - 800 kV)

BUS DUCTS

- Bus-ducts with associated equipment to suit generator power output of utilities of up to 800 MW capacity

TRANSFORMERS

- Power transformers for voltage upto 765 kV
- Generator transformers (up to 500 MVA, 400 kV, 3 Ph / 400 MVA, 400 kV, 1 Ph)
- Auto transformers (up to 1000 MVA, 400 kV, 3 Ph / 600 MVA, 400 kV, 1 Ph / 1000 MVA, 765 kV, 1 Ph / 1000 MVA, 1200 kV, 1 Ph)
- Converter Transformers / Smoothing Reactors (up to 600 MVA, ± 500 kV / Up to 254 MVA, ± 500 kV)
- Shunt Reactors (up to 150 MVA, 420 kV, 3 Ph / 110 MVA, 765 kV, 1 Ph)
- Controlled Shunt Reactors (up to 200 MVA, 420 kV, 3 Ph / 150 MVA, 420 kV, 1 Ph / 110 MVA, 765 kV, 1 Ph)
- Phase Shifting Transformers (up to 315 MVA, 400 kV, 3 Ph)
- Instrument transformers
 - ❖ Current transformers upto 400 kV
 - ❖ Electro-magnetic voltage transformers upto 220 kV
 - ❖ Capacitor voltage transformers upto 400 kV
- Special Transformer
 - ❖ Rectifier transformer upto 132 KV. 66 KA
 - ❖ Furnace transformer upto 33 KV, 100 MVA
- Traction Transformer
 - ❖ Freight loco transformer upto 25 KV, 7475 KVA
 - ❖ ACEMU transformer upto 25 KV, 1385 KVA.
- ESP (HVR) Transformer 100 Kv 1400 mA.
- Dry type transformer upto 5210 KVA
 - ❖ Smoothing reactors upto 3.3 mH , 2700 Amp
 - ❖ Dry Type reactor upto 300 mH , 120 Amp
 - ❖ DC Choke upto 0.5 mH , 4600 Amp
- Cast resin dry type transformers up to 10 MVA 33 kV

Special transformers for: earthing, furnace, rectifier, electrostatic precipitator, freight loco, AC EMU and traction

INSULATORS

- High-tension ceramic insulators
 - ❖ Disc/suspension insulators for AC/DC applications, ranging from 45 to 420 kN electro-mechanical strength, for clean and polluted atmospheres. Suitable for 800kV AC & DC application
 - ❖ Pin insulators up to 33 kV including radio free design.
 - ❖ Hollow porcelains up to 800 kV for Transformers, SF6 circuit breakers.
 - ❖ Solid core porcelain insulators for 25 kV Railway Traction
 - ❖ Solid core insulators up to 400 kV for Bus Post & Isolators for substation applications
 - ❖ Composite Insulators for 25 kV Railway Traction and up to 400 kV transmission lines.
- Wear Resistant Material (Ceralin)
 - ❖ Ceramic Liners for Wear Resistant Application in Thermal Power Station and other various applications

INDUSTRIAL AND SPECIAL CERAMICS

- EWLI –Electronic Water Level Indicators used in Boiler Drum Water Level Monitoring (BHELVISION system), Ceramic and Tungsten Carbide Flow Beans for Christmas tree valves

CAPACITORS

- H.T. Capacitors for Power factor correction (Motor Capacitors) 3.3 to 11 kV delta connected Capacitor banks
- H.T. Capacitors for Shunt, Series & SVC (Static VAR compensation), Harmonic filter & HVDC applications
- Capacitor Divider for CVT
- Coupling Capacitor for PLCC
- Surge Capacitor for protection of Generator & Transformers
- Roof Capacitor for traction locomotive

BUSHINGS

- 52 to 400 kV OIP condenser bushings for transformer applications
- 25 kV Locomotive bushings

- Special application bushings like cable box and wall bushing

ON LOAD TAP CHANGERS (OLTC)

On Load Tap Changer for various application like Power Transformer, Furnace Transformer, Station Transformer, Rectifier Transformer etc

- On Load Tap Changer for up to 400 kV class Transformer
- Off Circuit Tap Switch for up to 400 kV class Transformer

ELECTRICAL MACHINES

AC Squirrel cage, Slip ring, Synchronous, Variable speed motors; Industrial Alternators and Motors for Hazardous areas are manufactured as per range summarized below. Special-purpose machines are manufactured on request

- AC Machines for Safe Area Application
 - ❖ Induction Motors
 - Squirrel cage motors -150 kW to 21000 kW
 - Slip ring motors - 150 kW to 10000 kW
 - ❖ Synchronous motors
 - 1000 kW to 20000 kW
 - ❖ Variable speed Motors
 - 150 kW to 21000 kW (Squirrel cage motors)
 - 1000 kW to 20000 kW (Synchronous motors)
- AC Machines for Hazardous Area Application (Fixed speed or with VFD)
 - ❖ Flame-proof squirrel cage Induction motors (Ex 'd')
 - 150 kW to 1500 kW
 - ❖ Non-sparking squirrel cage Induction motors (Ex 'n')
 - 150KW to 4000KW (higher ratings on request)
 - ❖ Increased safety squirrel cage Induction motors (Ex 'e')
 - 150KW to 4000KW (higher ratings on request)
 - ❖ Pressurized motors (Ex 'p')
 - 150 kW to 21000 kW (Squirrel cage motors)

- 1000 kW to 20000 kW (Synchronous motors)

- Mill Duty Motors
 - ❖ 150 kW to 5000 kW with speed base speed >150 rpm
- Industrial Alternators (Steam turbine, Gas turbine and Diesel engine driven)
 - ❖ 3000 kVA to 25,000 kVA
- Induction Generators
 - ❖ 300 kVA to 6000 kVA
- Wind Generators
 - ❖ 300 kVA to 3000 kVA
- Voltage, Frequency & Enclosure
 - ❖ Voltage - AC - 415 V to 13800 V
 - ❖ Frequency - 50 Hz & 60 Hz
 - ❖ Enclosure - SPDP, TETV, CACW, CACA & Duct Ventilated
- 2 Pole Gas Turbine driven Generators up to 160 MW and matching Exciters.
- 4 Pole Gas Turbine driven Generators up to 33 MW and matching Exciters.
- 2 Pole Steam Turbine driven Generators up to 160 MW and matching Exciters.
- 4 Pole Steam Turbine driven Generators up to 33 MW and matching Exciters

COMPRESSORS

- Centrifugal compressors of varying sizes, driven by steam turbine/gas turbine/motor, for various industrial applications handling almost all types of gases required for fertilizers, petrochemicals, pipeline and steel industry ; range covers up to maximum discharge pressure of 350 kg/cm² and capacity upto 900,000 Nm³/hour

CONTROL GEAR

- **Industrial Control gear**
 - ❖ Electronic controllers for ESP
 - ❖ Excitation control system for alternators
 - ❖ Large current rectifiers
 - ❖ Digital AVR and governors
 - ❖ Control panels and cubicles for applications in steel, aluminium, cement, paper, rubber, mining, sugar and petrochemical industries
- **OIL rig controls**
 - ❖ AC power control room

- ❖ DC power control room
- ❖ DG sets
- ❖ Driller's Console
- **Contactors**
 - ❖ LT air break type AC for voltages up to 660 V
 - ❖ LT air break type DC contactors for voltages up to 600 V.
 - ❖ HT vacuum type AC for voltages up to 11kV
- **Traction Control gear**
 - ❖ Control gear equipments for Locomotives, EMUs, metro railways and other traction applications
 - ❖ EP contactors, EM contactors, EM relays & EP Offload switches
 - ❖ Master controllers
 - ❖ Dynamic braking resistors
 - ❖ Control cubicles
 - ❖ Rectifiers
 - ❖ Aux converters
- **Control and Relay Panels**
 - ❖ Control & Protection Panels for EHV Transmission Projects for voltages up to 400 kV
 - ❖ Synchronizing Trolley / Swing Panels.
 - ❖ Protection Panels for large Generators up to 600 MW, for thermal, nuclear, hydro and combined cycle Power Plant Projects.
 - ❖ Remote Control and relay boards for MV Switchgear
 - ❖ Turbine gauge Panels for hydro sets
 - ❖ Outdoor-type control panels and marshalling kiosks
 - ❖ Remote Transformer Tap-Changer Control panels

TRANSPORTATION EQUIPMENT

- **Traction machines**
 - ❖ AC traction motors for all ranges of locos and EMUs
 - ❖ DC traction motors for all ranges of locos and EMUs
 - ❖ AC traction alternators for all ranges of DE locos and EMUs
 - ❖ DC traction generators up to 2000 KW

- ❖ Motor generator sets for all type of requirements
- ❖ Auxiliary generators and exciters for all type of requirements
- ❖ Eddy current clutch for radiator fan
- ❖ DC blower motors for dynamic braking system
- ❖ Traction grade gears and pinions
- **Transportation system**
 - ❖ Traction systems
 - ❖ Urban transportation systems
 - ❖ AC electric locomotives
 - ❖ AC-DC dual voltage electric locomotives
 - ❖ Diesel-electric locomotives
 - ❖ Diesel hydraulic locomotives
 - ❖ Battery powered locomotive
 - ❖ OHE recording-cum-test car
 - ❖ Bogies
 - ❖ Dynamic track stabilizers
 - ❖ Well wagon
 - ❖ Rail cum Road vehicle
 - ❖ Utility vehicle
 - ❖ Ballast cleaning machines

OIL FIELD EQUIPMENT

- **Oil Rigs** – A variety of on-shore rigs, work-over rigs, mobile rigs, for drilling up to depths of 9,000 m, complete with matching draw-works and hoisting equipment including:
 - ❖ Mast and substructure
 - ❖ Rotating equipment
 - ❖ Mud System including pumps
 - ❖ Power packs and rig electrics
 - ❖ Rig instrumentation
 - ❖ Rig utilities and accessories
 - ❖ Refurbishment and up gradation of BHEL and Non BHEL make Oil Rigs
- **Oil Field Equipments**
 - ❖ Well heads and X-mas Trees up to 15000 psi, Mud Line Suspension, Choke and Kill manifold, CBM Wellheads.

CASTINGS AND FORGINGS

- Sophisticated heavy castings and forgings of

creep resistant alloy steels, stainless steel and other grades of alloy steels meeting stringent international specifications

SEAMLESS STEEL TUBES

- Hot-finished and cold-drawn seamless steel tubes with a range varying from outer diameter of 19 to 133 mm and wall thickness of 2 to 12.5 mm, in carbon steel and low-alloy steels to suit ASTM/API and other international specifications
- Studded tubes
 - ❖ Extended surface tubes for high-performance heat transfer applications
- Rifled tubes
- Spiral finned tubes
- High-frequency resistance welded finned tubes for heat recovery steam generators, economizers and heat furnaces

DISTRIBUTED POWER GENERATION AND SMALL HYDRO PLANTS

- Wind electric generator of up to 250 kW rating.
- Small hydro power plants up to 25 MW station capacity

SEMICONDUCTOR AND PHOTOVOLTAIC SYSTEMS

- Power Semiconductor Devices
- Solar Photovoltaic Cells (Mono/Multi)
- Photovoltaic Modules
- PV Systems: Grid Interactive, Hybrid and Stand Alone PV Power Plants
- Space grade Solar PV Panels
- Batteries for Space applications

SYSTEMS AND SERVICES

- **Power Generation Systems.**
 - ❖ Turnkey power stations/ EPC contracts
 - ❖ Combined-cycle power plants
 - ❖ Cogeneration systems
 - ❖ Captive power plants
 - ❖ Modernization and renovation of power stations and RLA studies
 - ❖ Software packages including simulators for utilities
 - ❖ Performance Analysis, Diagnostics and Optimization (PADO) for thermal & hydro power plants

- ❖ Enterprise Asset Management System (EAMS)

Erection, commissioning, support services, spares management and consultancy services for all the above systems

● **Transmission systems**

- ❖ Sub-stations/switchyards
- ❖ Shunt and Series compensation systems
- ❖ Power system analysis and controls
- ❖ HVDC transmission systems

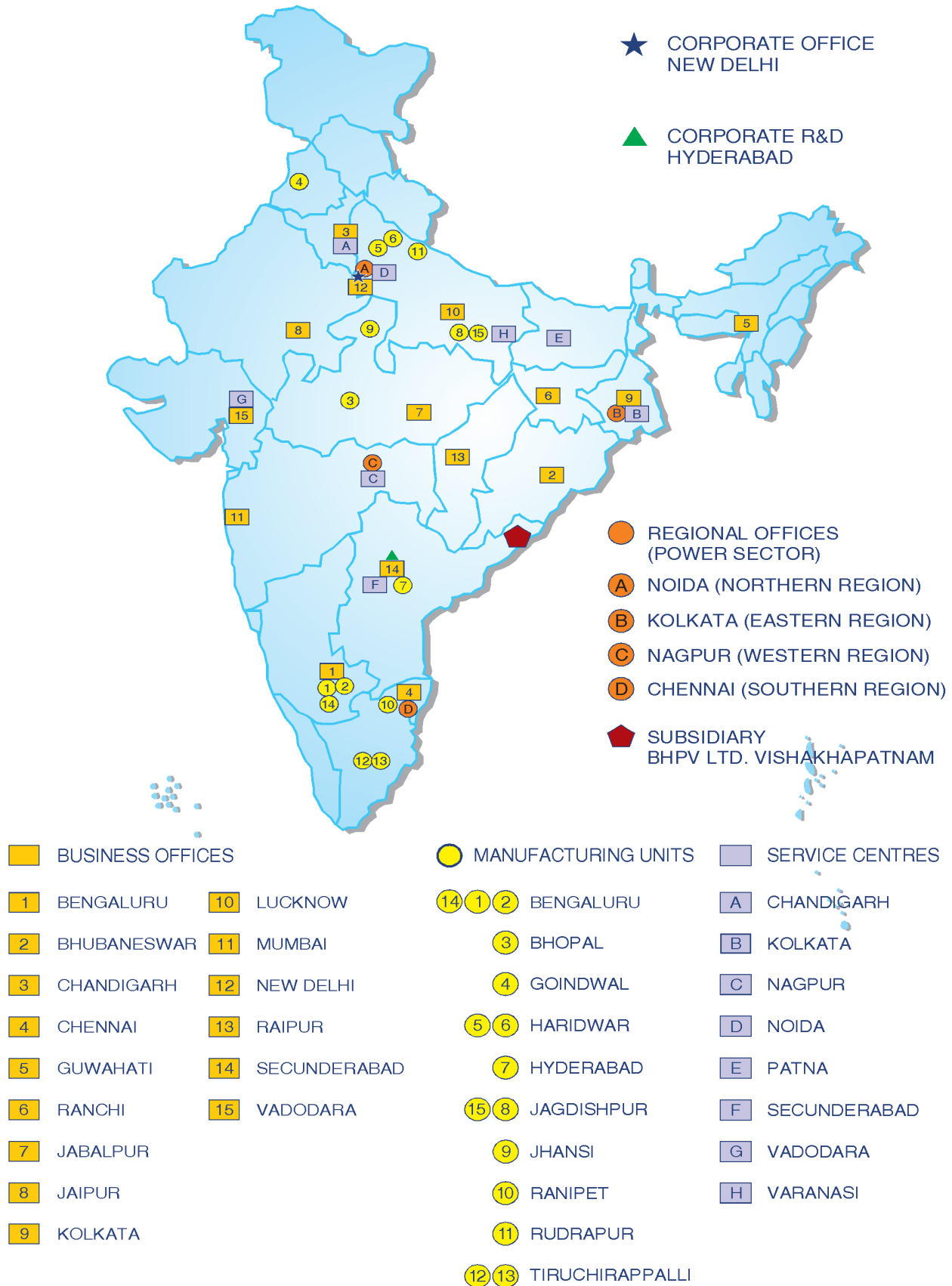
DEFENCE ELECTRONICS

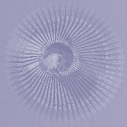
- Gun control system for MBT (Main Battle Tanks)
- Simfire Tactical Gunnery Simulator
- Infantry Weapon Effects Simulator for Tactical Gunnery Training
- Small Arms Training simulators for marksmanship Training
- Integrated Platform Management System (IPMS).
- Machine control Room Simulator
- Training simulator for vehicles, platforms, Radars, weapons, missiles and CBT for all defence and Para-military forces
- Weapon fire control system, Avionics, Radio communication Products, Electronic warfare systems and early warning systems
- Radar and associated systems

INDUSTRIAL SYSTEMS

- Complete Coal Handling Plant and Ash Handling Plant including Civil & Structural, Mechanical, Electrical works and Automation systems
- Complete Mine Winder Systems
- Complete Electrics, Drives, Controls & Automation Systems for Processing & Compacting of Raw Materials, Iron Making, Primary & Secondary Steel Making, Casters & steel Finishing like Mills & process Lines for both long products & flat products
- Complete Raw Material Handling System including Civil & Structural, Mechanical, Electrical and Automation systems for Steel and other industries
- Complete Electrics & Automation Systems for High Current Rectifiers for Aluminium Smelters and Processing Mills for Aluminium Plants
- Automated Storage & Retrieval Systems (ASRS)

BHEL in India





Global Footprint

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Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi-110049

NOTICE

Notice is hereby given that the 46th Annual General Meeting of the Members of BHARAT HEAVY ELECTRICALS LIMITED will be held on Friday, the 17th September, 2010 at 10 A.M. at FICCI Auditorium, Barakhamba Road (Tansen Marg), New Delhi-110001, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the financial year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend for the year 2009-10.
3. To appoint a Director in place of Shri S. Ravi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ashok Kumar Basu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M.A. Pathan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Atul Saraya, who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 w.e.f. 1st October, 2009 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri V.K. Jairath, who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 w.e.f. 12th November, 2009 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation"

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri O.P. Bhutani, who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 w.e.f. 24th December, 2009 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors



(I. P. Singh)

COMPANY SECRETARY

New Delhi

Dated: August 12, 2010

Registered Office:

"BHEL HOUSE", Siri Fort, New Delhi-110049

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS (48 HOURS) BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business, as set out above is annexed hereto.
3. Brief resume of each of the Directors proposed for appointment and re-appointment is given at Annexure-2 to the Directors' Report.
4. S/Shri S. Ravi, Ashok Kumar Basu, and M.A. Pathan, Directors, retire by rotation and being eligible, offer themselves for re-appointment. However, as per the terms of their appointment, the tenure of S/Shri S. Ravi, Ashok Kumar Basu, and M. A. Pathan as Directors of the company will expire on 28.11.2010, 21.06.2012 and 21.06.2012 respectively.
5. The Register of Members and Share Transfer books of the Company shall remain closed from 3rd September, 2010 to 17th September, 2010 (both days inclusive) for the purpose of payment of final dividend, if any, approved by the Members.
6. Members are advised to submit their National Electronic Clearing Service/ Electronic Clearing Service (NECS/ECS) mandate in the form (given elsewhere in the Annual Report) duly filled in and signed, to enable the Company to make remittance by means of NECS/ECS.
7. The Board of Directors has recommended a final dividend of 123% on the Paid-up Share Capital of the Company besides an interim dividend of 110% already paid during the year 2009-10.
8. The final dividend on the Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2010, when approved by the shareholders at the Annual General Meeting, will be payable within 30 days from the date of declaration of dividend by the members i.e. on or before 16th October, 2010, to those shareholders whose name appear : -
 - a. As Beneficial Owners of shares as at the closure of business hours on 2nd September, 2010 as per the list to be furnished by NSDL/CDSL in respect of the shares held in the Electronic mode; and
 - b. As Members in the Register of Members of the Company after giving effect to all valid share transfer requests in physical form which are lodged with the Company/RTA on or before the close of business hours on 2nd September, 2010.
9. Pursuant to section 205A(5) read with Section 205C of the Companies Act, 1956, as amended, the dividend amounts which remain unpaid / unclaimed for a period of 7 years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After that there remains no claim of the members whatsoever on the said amount. Accordingly, the final dividend for the Financial year 2002-03 which remains unclaimed is due to be transferred to the said account on 28th October, 2010 and for the further years commencing from 2003-04 onwards on their respective due dates.
Members who have not claimed / encashed their Dividend so far for the financial year ended 31st March, 2003 or any subsequent financial year(s) may approach the Company for obtaining payments thereof before expiry of the stipulated 7 years period.
10. Members may avail facility of nomination in the terms of section 109A of the Companies Act, 1956, by nominating in the Form-2B (enclosed with the Annual Report) any person to whom their shares in the Company shall vest in the event of their death.
11. Pursuant to Section 619(2) read with Section 224 (8) (aa) of the Companies Act, 1956, the Auditors

of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C& AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The General Meeting may, authorize the Board to fix up an appropriate remuneration of Auditors for the year 2010-11 after taking into consideration the increase in volume of work and prevailing inflation.

12. A corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e. only if the corporate member sends certified true copy of the board resolution / power of attorney authorizing the representative to attend and vote at the Annual General Meeting.
13. Members are requested to notify immediately any change of address:
- to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - to the Company at its Registered office in respect of their physical shares, if any, quoting their folio number, Banker's name and account number to ensure prompt and safe receipt of dividend warrants.
14. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in

the attendance slip for attending the Meeting. However, entry to the Auditorium will be strictly on the basis of entry slip available at the counters at the venue and to be exchanged with attendance slip.

15. Members are requested :-

- to bring their copies of Attendance Slip at the time of the meeting.
- to quote their Folio Nos./ ID Nos. in all correspondence.
- to note that no briefcase or bag will be allowed to be taken inside the auditorium for security reasons.
- to note that no gifts will be distributed in the AGM.

By Order of the Board of Directors



(I. P. Singh)

COMPANY SECRETARY

New Delhi

Dated: August 12, 2010

Registered Office:

"BHEL HOUSE", Siri Fort, New Delhi-110049

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

The following explanatory statement sets out the material facts relating to the business mentioned in Item Nos. 7 to 9 of the accompanying Notice dated August 12, 2010.

ITEM NO. 7

Shri Atul Saraya, aged 56 years is a Graduate in Electrical Engineering and having a PG Diploma in Business Management. As per the direction of the Govt. of India, Shri Atul Saraya was appointed as an Additional Director of the Company w.e.f. 01.10.2009 to hold the Office for a period of five years i.e. upto 30.09.2014 or until further orders, whichever is earlier. Having being so appointed, Shri Atul Saraya holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67 (iv) of the Articles of Association of the Company and is eligible for appointment. He holds 200 shares of BHEL.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member along with a deposit of Rs. 500/-, proposing candidature of Shri Atul Saraya for the Office of Director of the Company.

None of the Directors of the Company except Shri Atul Saraya is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

ITEM NO. 8

Shri V. K. Jairath, aged 51 years is a retired IAS officer. As per the direction of the Govt. of India, Shri V. K. Jairath was appointed as an Additional Director of the Company w.e.f. 12.11.2009 to hold

the Office for a period of three years i.e. upto 11.11.2012 or until further orders, whichever is earlier. Having been so appointed, Shri V.K. Jairath holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67(iv) of the Articles of Association of the Company, and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member along with a deposit of Rs. 500/-, proposing candidature of Shri V. K. Jairath for the Office of Director of the Company.

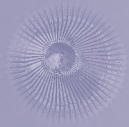
None of the Directors of the Company except Shri V. K. Jairath is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

ITEM NO. 9

Shri O.P. Bhutani, aged 57 years is a Mechanical Engineering Graduate and an MBA from Delhi University. As per the direction of the Govt. of India, Shri O. P. Bhutani was appointed as an Additional Director of the Company w.e.f. 24.12.2009 to hold the Office for a period of five years i.e. upto 23.12.2014 or until further orders, whichever is earlier. Having been so appointed, Shri O. P. Bhutani holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67(iv) of the Articles of Association of the Company, and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member along with a deposit of Rs. 500/-, proposing candidature of Shri O. P. Bhutani for the Office of Director of the Company.



None of the Directors of the Company except Shri O. P. Bhutani is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

By Order of the Board of Directors

(I. P. Singh)

COMPANY SECRETARY

New Delhi

Dated: August 12, 2010

Registered Office:

“BHEL HOUSE”, Siri Fort, New Delhi-110049



Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi - 110 049

FORM OF PROXY

FOLIO/ID NO.

NO. OF SHARES

I/We.....
of.....
in the District of.....being a member/
members of the Bharat Heavy Electricals Ltd., hereby appoint of
.....in the District of or
failing him/her.....of
in the District ofas my/our proxy to vote for
me/us on my/our behalf at the 46th Annual General Meeting of the Company to be held on 17th September
2010 and at any adjournment thereof.
Signed thisday of.....2010.

Affix
30 Paise
revenue
stamp

- Notes : a) The form should be signed across the stamp as per specimen signature registered with the Company.
b) The form should be deposited at the Registered Office of the Company forty-eight hours before the time fixed for holding the Meeting.



Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi - 110 049

ATTENDANCE SLIP

46th ANNUAL GENERAL MEETING

to be held on Friday, the 17th day of September, 2010
at 10.00 AM at FICCI Auditorium, Barakhamba Road, New Delhi-110 001.

NAME OF THE ATTENDING MEMBER
(IN BLOCK LETTERS)

Folio. / ID No.

No. of shares held

NAME OF PROXY

(IN BLOCK LETTERS, TO BE FILLED IN IF THE PROXY ATTENDS INSTEAD OF THE MEMBER)

I hereby record my presence at the 46th Annual General Meeting on 17th September, 2010.

Signature of Member/Proxy

THIS ATTENDANCE SLIP DULY FILLED IS TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

TEAR HERE



Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi - 110 049

Dear Shareholder(s),

Re: Payment of dividend through National Electronic Clearing Service (NECS)/Electronic Clearing Service (ECS)

In case you have not already sent the NECS/ECS/Bank Account particulars to our Registrars, viz. M/s Karvy Computershare Pvt. Ltd. or to your Depository Participant (in case of demat holding), we would request you to provide the said particulars in the format given below to facilitate prompt, safe & correct payment of dividend to be declared in the 46th Annual General Meeting of the company to be held on 17th September 2010.

Please ensure that the details submitted by you to the Registrars / Depository Participant are correct as any error therein could result in the dividend amount being credited to wrong account.

Payment of dividend through NECS/ECS and / or to the designated Bank Account, which will appear on the dividend warrant, will help to prevent fraudulent encashment of dividend warrants.

Kindly help us in this endeavour to serve you better.

Yours faithfully

(I. P. Singh)
Company Secretary

P.S. In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank account particulars / NECS/ECS mandate.

FORM FOR NECS/ECS MANDATE/BANK ACCOUNT PARTICULARS

I / We..... do hereby authorise BHEL / my Depository Participant to :

- ☐ Print the following details on my / our dividend warrant
- ☐ Credit my dividend amount to my Bank account by NECS/ECS

(Strike out whichever is not applicable)

My / our Folio No or DP ID No.....Client A/c No.....

Particulars of Bank Account :

- A. Bank Name :
- B. Branch Name :
(Address for Mandate only)
- C. 9 digit code number of the bank & branch as :
appearing on the MICR cheque
- D. Account Type (Saving / Current) :
- E. Account No as appearing on the cheque book :
- F. STD code & Telephone No. of Shareholder :

I / we shall not hold the Company responsible if the NECS/ECS could not be implemented or the Bank discontinues the NECS/ECS, for any reason.



M/s Karvy Computershare Pvt. Ltd.
UNIT: BHEL
17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500 081

.....
Signature of the Shareholder(s)

Please attach (i) photocopy of a cheque or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the 9 digit code number AND (ii) a copy of your **PAN card** with this form.

Form 2B

[See rules 4CCC and 5Dof Companies (Central Govt.'s) General Rules & Forms, 1956]

NOMINATION FORM

(To be filled in by individual (s) applying singly or jointly)

I/We.....and.....and.....the holders of Shares bearing number (s) of Bharat Heavy Electricals Limited wish to make a nomination and do hereby nominate the following person (s) in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or our death.

Name (s) and Address (es) of Nominee (s)

Name:

Address:.....
.....

Date of Birth* :

(*to be furnished in case the nominee is a minor)

** The Nominee is a minor whose guardian is.....

Name and Address.....
.....
.....

(** to be deleted if not applicable)

Signature :

Name :

Address :

Date :

Signature :

Name :

Address :

Date :

Signature :

Name :

Address :

Date :

Address, Name and Signature of two witnesses:

	Name and Address	Signature with date
1.		
2.		

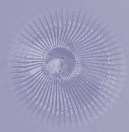
Instructions :

1. The Nomination can be made by individuals only applying/holding shares on their own behalf singly or jointly, Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form. Space is provided as a specimen, if there are more joint holders, more sheets can be added for signatures of holders of shares and witness.
2. A minor can be nominated by a holder of shares and in that event the name and address of the Guardian shall be given by the holder.
3. The nominee shall not be a Trust, Society, Body corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of share.
5. Transfer of share in favour of a nominee shall be valid discharge by a Company against the legal heir.
6. The intimation regarding Nomination/Nomination Form shall be filed in duplicate with Company/Registrar and Share Transfer Agent of the Company who will return one copy thereof to the shareholder.

Corporate Social Responsibility

Medical facility being extended by BHEL in adopted villages and during 'Kumbh Mela' as part of CSR activity





Corporate Social Responsibility

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Enabling housewives to become business partners in BHEL's Nation Building efforts— BHEL Tiruchirappalli conducts 'Entrepreneur Orientation Programme' for women entrepreneurs



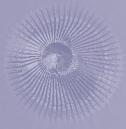
An endeavour to create employment – BHEL Tiruchirappalli distributes tailoring machines to poor women of neighbouring villages



Medicinal plants being planted at BHEL Township in Haridwar



Distribution of tricycle to differently-abled persons in a village adopted by BHEL Bhopal



Global Footprint

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Bankers

State Bank of India
Allahabad Bank
Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Canara Bank
Central Bank
CITI Bank N.A.
Corporation Bank
Deutsche Bank AG
The Federal Bank Ltd.
HDFC Bank
ICICI Bank
IDBI Bank
Indian Bank
Indusind Bank
Kotak Mahindra Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
Standard Chartered Bank
State Bank of Hyderabad
State Bank of Travancore
Syndicate Bank
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland N.V.
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

Auditors

M.L.Puri & Co., New Delhi
Gandhi Minocha & Co., New delhi
Chandran & Raman, Chennai
Jawahar & Associates, Hyderabad
Mehrotra & Mehrotra, Kanpur
Phillippos & Co., Bangalore
S.L. Chhajed & Co., Bhopal

Share Transfer Agent

M/s. Karvy Computershare Private Ltd.

UNIT : BHEL

Delhi Address : 105-108, Arunachal Building,
: 19, Barakhamba Road,
: New Delhi-110001
: Tel. : 011-23324401, 43681700/01/02/21
: Fax : 011-23730743
: e-mail : ksbl Delhi@karvy.com

Hyderabad Address

UNIT : BHEL

: 17-24, Vittal Rao
Nagar, Madhapur,
Hyderabad-500 081
Tel. : 040-44655000
Fax : 040-44655024
Email : madhusudhan@karvy.com
mailmanager@karvy.com
Web : www.karvycomputershare.com

Registered Office

BHEL House, Siri Fort,
New Delhi-110049 (India)
Phone : 66337000 (15 Lines)
Fax : 011-66337533
<http://www.bhel.com>



*Powering progress... Brightening lives
Touching Every Indian Home*



Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi-110 049, India

Visit our website : <http://www.bhel.com>