



Annual Report 2008-2009



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 Team-work
Loyalty and Pride in the Company

Contents

1.	Letter to Shareholders	2
2.	Board of Directors	3
3.	Management Committee	4
4.	Corporate Functional Structure	6
5.	Corporate Profile	8
6.	Year at a Glance	14
7.	Awards	17
8.	Directors Report	18
	– Management Discussion and Analysis	23
	– Brief Resume of Directors	52
	– Corporate Governance	56
	– Conservation of Energy	80
	– Statement Pursuant to Section 212 of the Companies Act, 1956	82
	– Auditors' Report	83
	– Comments of C&AG	89
9.	Annual Accounts	91
	– Significant Accounting Policies	93
	– Audited Accounts with Cash Flow Statement & Schedules	97
10.	Subsidiary Company	137
	– Directors' Report	139
	– Management Discussion and Analysis	143
	– Corporate Governance	146
	– Auditors' Report on Corporate Governance	148
	– Auditors' Report	149
	– Comments of C&AG	151
	– Significant Accounting Policies	152
	– Audited Accounts with Cash Flow Statement & Schedules	156
11.	Consolidated Financial Statements	175
	– Significant Accounting Policies	177
	– Audited Accounts with Cash Flow Statement & Schedules	181
12.	Additional Information for Shareholders	207
	– Ten Years Summary	209
	– Net Income under US GAAP	211
	– Economic Value Added (EVA)	213
	– Value Addition Statement	214
	– Performance vis-à-vis Annual Plan	215
	– Contribution to Exchequer	215
	– Product Profile	216
	– BHEL in India	221
	– BHEL's International Presence	222
13.	Notice	224

Letter to Shareholders



Dear Shareholders,

2008-09 was a challenging year for the globalised world. The Indian economy also experienced a slowdown in comparison with the robust growth performance witnessed in the preceding five years, largely due to the knock-on effect of the global financial crisis. Notwithstanding the global and domestic economic impacts, including the commodity price rises, BHEL has managed yet another stellar performance.

I would like to briefly take you through the results for the FY 2008-09.

Performance during 2008-09

BHEL defied the slowdown and notched up a top line growth of 31% with the turnover reaching Rs 28,033 Crore. Profit Before Tax (PBT) was Rs. 4,849 Crore, an increase of 9.5% over last fiscal and Profit After Tax (PAT) rose to Rs. 3,138 Crore, an increase of 9.8% over last year. There have been several significant achievements and these include:

- The company surpassed its own record set in 2007-08 by booking orders worth Rs 59,678 Crore. Utility orders amounted to 17,020 MW and Industry Sector order inflows crossed Rs.10,000 Crore mark for the first time.
- Maiden orders for 2x800 MW supercritical boilers for Krishnapatnam and 2x660 MW supercritical turbine generator sets for Barh-II, NTPC were received.
- First-ever order for steam generators for new rating 700 MWe Nuclear sets – moving forward to capitalize on emerging business opportunities in the Nuclear sector
- Manufacturing capacity expansion from 10,000 MW to 15,000 MW p.a. proceeding apace and further augmentation to 20,000 MW p.a. planned by 2011-12.
- BHEL's R&D spend increased to Rs.690 Crore amounting to 2.46% of the Turnover, a commendable achievement for a company operating in the Capital Goods segment.
- Economic Value Addition (EVA) reached Rs.2,008 Crore, a 11% increase over that of Rs.1810 Crore in the year before.
- Earnings per Share' on the post-bonus equity capital increased to Rs 64.11 against previous years Rs.58.41.
- A final dividend of 80% has been recommended by Board, in addition to the interim dividend of 90% for the year, making a total of 170% for the year. BHEL is maintaining the track record of paying dividends uninterruptedly since 1976-77.

While the details of performance of the company have been furnished elsewhere, I would like to focus on some important and strategic developments.

Future Ready

The challenge before the country is to move ahead with rapid expansion of its installed power generating base. Massive capacity additions have been planned for both XI and XII Plan periods. Realizing these would demand up-gradation to higher range equipment, faster capacity augmentation and shorter cycle times with better project execution cycles which is a daunting task. Several positive initiatives have been put in place by the government for creating conditions that would encourage both public and private sectors to invest in this field.

This challenge is an opportunity for your company; to grow business many fold and to serve people of this great country. With the manufacturing capacity of 10,000 MW already in place and implementation well under way for achieving 15,000 MW by December 2009, the company intends to capitalize on the opportunities. At the same time, the emerging competition due to market expansion requires your company to adopt a new paradigm. This new paradigm calls for a strategic shift that will require BHEL to build capabilities to address the stringent demands from its stakeholders.

Our ongoing thrust on capacity and capability building initiatives are intended to make your company Future Ready. BHEL has forayed into new areas like Supercritical thermal sets, 500 MW Nuclear set for Fast Breeder Reactor, Advanced-class gas turbines (Fr.9FA) etc. Company plans to increase R&D spend to at least Rs.1000 crore by 2011-12. To strengthen its human resource assets base, 4717 employees were recruited in 2008-09.

Your company is forging strategic alliances by way of JVs to leverage equipment sales in the Supercritical technology domain, JVs for technology sourcing, JVs for sourcing critical inputs, equipment, etc. Companies like NTPC, NPCIL, TNEB, KPCL, GSECL, KEL, BEL, HEC and PTC have become our esteemed partners in these ventures.

Diversification of the portfolio and geographic spread are important strategies to mitigate risks in future. BHEL is taking necessary steps in this direction. Routes of inorganic growth are being explored in the areas of Transmission, Transportation, Photovoltaics and Nuclear. Bharat Heavy Plate & Vessels (BHPV), which has been acquired as a 100% subsidiary is being revived with adequate managerial & financial support.

International business is being further enhanced by focusing on consolidation in existing international markets as well as entering new markets. A breakthrough was achieved with the Long term business tie-up in the form of a rate contract for 126 MW rated Gas Turbine generating sets with Petroleum Development Oman.

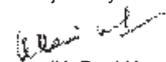
Financial parameters are one of the indicators of performance. Going forward, sustainable progress calls for a heightened level of creation of value in other aspects as well. BHEL has put in place Corporate CSR Policy to further build on its efforts of being a responsible corporate citizen. To cater to the concerns for climate change, BHEL is making all efforts to promote clean coal technology in the country.

Conclusion

Our journey to become a world-class engineering enterprise can not be achieved without acknowledging dedicated and committed efforts of each member of BHEL family. I would like to thank my fellow directors for their support and valuable input that they have provided over the past year. I am grateful to all our esteemed shareholders, our stakeholders like customers, business associates, and all others who have reposed their faith in BHEL. Various ministries of the Government of India particularly the Department of Heavy Industry have been providing continuous guidance and support in our efforts. I believe that by maintaining our strength, stability and focus, we will be able to grow our businesses and will become a positive contributor in the Nation building. I look forward to your continued support in this journey.

With best wishes,

New Delhi
August 12, 2009



(K. Ravi Kumar)
Chairman & Managing Director

Board of Directors as on 30.07.2009



Shri K Ravi Kumar
CMD & Director (Power)



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 C S Verma
Director (Finance)



Shri Anil Sachdev
Director (HR)



Shri B P Rao
Director (IS&P)



Shri I P Singh
Company Secretary

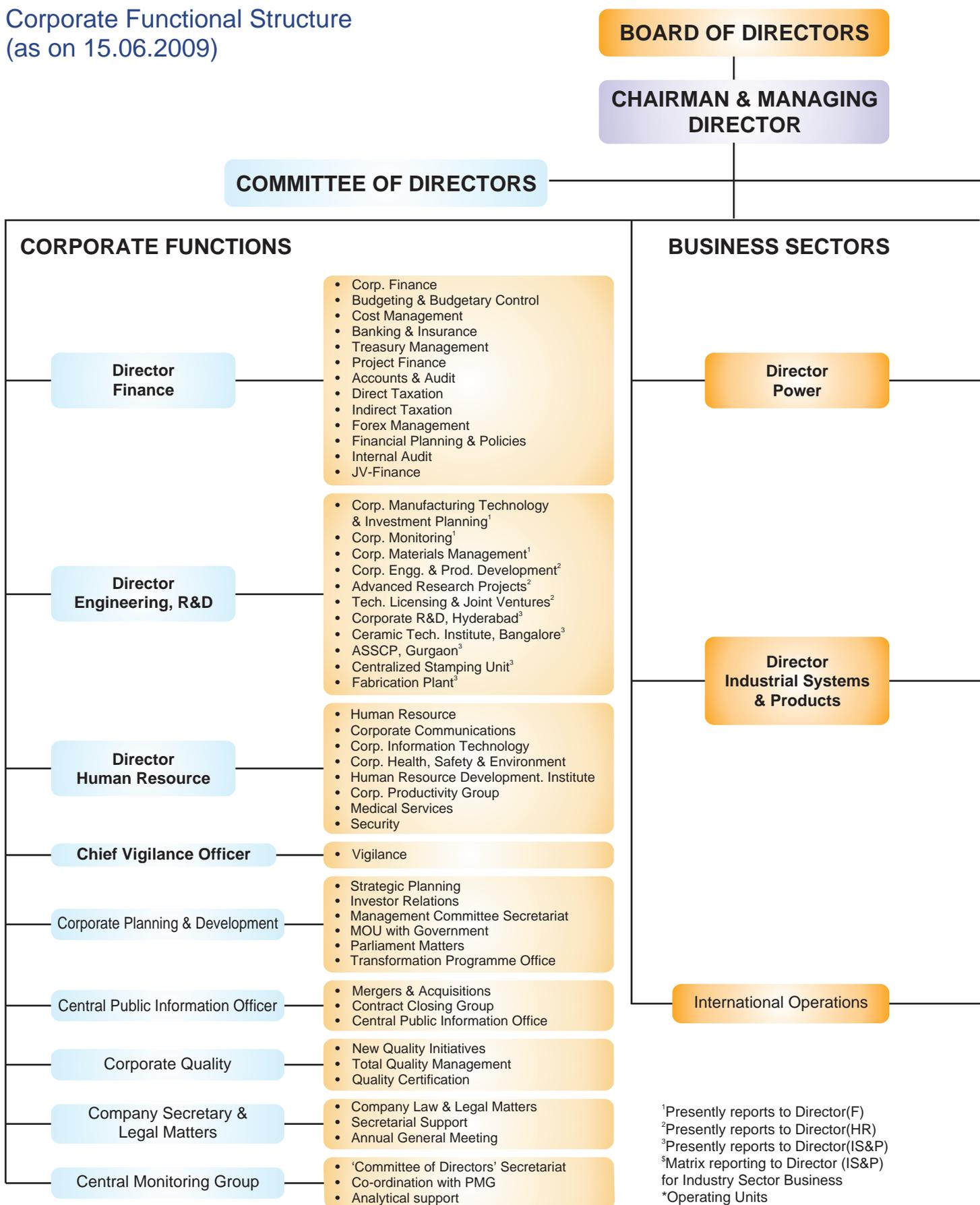


S/Shri

- Standing** (Left to Right) : R.K. Srivastava, L. Pundareek, G.S. Bindra, S. Gopalakrishnan, R. Krishnan, A. Chandrababu, V. Pandhi, C.K. Pani, P.R. Shriram, A.K. Jain, Ranjan Sahi, W.V.K. Krishna Shankar
- Sitting R-2** (Left to Right) : S.M. Mahajan, A.V. Krishnan, R.K. Pandey, G. Ganapathiraman, O.P. Bhutani, A.K. Gupta, R.K. Sugandhi, K.L. Vasudeva Rao, M.K. Dube, A. Aurangabadkar
- Sitting R-1** (Left to Right) : Atul Saraya, M.L. Sah, D.K. Mody, B.P. Rao, K. Ravi Kumar, C.S. Verma, Anil Sachdev, S.T.H. Rizvi

K. Ravi Kumar	- Chairman & Managing Director - Power Business - Power Sector Regions-North, East, South & West - Spares & Services Business - Mergers & Acquisitions	A.K. Jain	- Corporate Quality
		C.K. Pani	- Corporate Information Technology
		R.K. Sugandhi	- Captive Power Plant Business - Industry Sector-Project Management
C.S. Verma	- Corporate Finance - Taxation - Financial Services - Internal Audit - JV-Finance - Corporate Monitoring - Corporate Materials Management - Corporate Manufacturing Technology & Investment Planning	R. K. Pandey	- Transformer Plant
		K.L. Vasudeva Rao	- Heavy Power Equipment Plant
		L. Pundareek	- Transmission Business
		A.K. Gupta	- Power Sector- Project Management
		P.R. Shriram	- Power Sector- Southern Region
Anil Sachdev	- Human Resources - Human Resource Development Institute - Corporate Information Technology - Corporate Engg. and Product Development - Corporate Communication - Corporate Productivity - Corporate Health, Safety & Environment	A. Aurangabadkar	- Power Sector- Western Region
		G. Ganapathiraman	- Electronics Division - Electronics Systems Division - Industrial System Group
		V. Pandhi	- Transportation Business - Industrial Products- Mechanical - Industrial Products- Electrical
B.P. Rao	- Industrial Systems & Products Business including Captive Power Plant Business - Transmission Business - Transportation Business - Ceramics Business Unit - Component Fabrication Plant - Corporate Research & Development - Centralised Stamping Unit - Fabrication Plant - Regional Operations	M.K. Dube	- Heavy Electrical plant - Electrical Machines Repair Plant
		Atul Saraya	- Power Sector Marketing - Power Sector- Eastern Region
		A.V. Krishnan	- High Pressure Boiler Plant - Seamless Steel Tube Plant - Industrial Valves Plant - Piping Centre - Welding Research Institute
M.L. Sah	- Power Sector- Northern Region	Permanent Invitees	
S.M. Mahajan	- Central Foundry Forge Plant	Ranjan Sahi	- Corporate Manufacturing Technology & Investment Planning - Corporate Monitoring - Materials Management
S.T.H. Rizvi	- Corporate Engg. & Product Development - Advance Research Projects - Technology Licensing & Joint Ventures	G.S. Bindra	- Project Engineering Management
R.K. Srivastava	- Regional Operations - Component Fabrication Plant - Central Marketing Group	S. Gopalakrishnan	- Power Sector Marketing
O.P. Bhutani	- International Operations	R. Krishnan	- Corporate Research & Development
D.K. Mody	- Heavy Electrical Equipment Plant - Pollution Control Research Institute	A. Chandrababu	- Boiler Auxiliaries Plant
		W.V.K. Krishna Shankar	- Secretary, Management Committee

Corporate Functional Structure (as on 15.06.2009)



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
- 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

- 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, Trichy
- Seamless Steel Tube Plant, Trichy
- Welding Research Institute, Trichy

- Piping Center, Chennai

- Boiler Auxilliary 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. BHEL was established more than four decades ago ushering in the indigenous Heavy Electrical Equipment industry in India. BHEL has built over the years, a robust domestic market position by becoming the largest supplier of power plant equipment in India, and by developing strong market presence in select segments of the Industrial sector and the Railways. Currently, 80% of the Nuclear 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 14 manufacturing divisions, 4 power sector regional centres, 8 service centres, 15 regional offices, one subsidiary co., Joint Ventures 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.

BHEL, where Quality Systems as per ISO-9000 have taken deep roots, has now made significant achievements in Total Quality Management by adopting the CII/EFQM model for Business Excellence. BHEL became the first Public Sector Company in the country to win the coveted 'PRIZE' through its Haridwar unit under the CII Exim Award Scheme. BHEL's Bhopal & Jhansi Units and Power Sector Northern and Eastern Regions have also won the Commendations for Significant achievement/Strong Commitment to TQM during 2008-09. Also BHEL's Insulator plant at Jagdishur won the commendation by R K Bajaj Quality award. BHEL shares the growing global concern on issues related to Environment and Occupational Health and Safety. Major Units of BHEL have been accredited to ISO-14001 Environmental Management Systems and to OHSAS-18001 for Occupational Health and Safety Systems.

For the third 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. Significantly, BHEL is the only Indian PSU to figure on the elite list, since the list was conceived. BHEL and its 4 units were awarded 'ICWAI Awards for Excellence in Cost Management' for 2008 – the highest among both public and private sector companies. BHEL won EEPC's Top Export Award for the eighteenth year in succession.

POWER GENERATION

BHEL manufactures a wide range of products and systems for thermal, nuclear, gas and hydro-based utility power plants to meet customer requirements for power generation. BHEL has proven turnkey capabilities for executing power projects from Concept to Commissioning. BHEL-built power generating sets account for 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 supercritical sets of 660/800 MW. 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 fluidised bed combustion (CFBC) boilers for thermal plants. BHEL manufactures 220/235/500/540 MWe Nuclear turbine-generator sets. 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 type, 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 Upgrading of a variety of power plant equipment, besides specialized know-how of residual life assessment, health diagnostics and life extension of plants. It has retained 100% share of R&M market of Thermal sets in the country in 2008-09.



159 MW Gas Turbine on assembly bed

BHEL built thermal sets consistently exceed the national average efficiency parameters, and have achieved the highest-ever Plant Load Factor (PLF) of 80.5% (overall) during 2008-09, which is 3.5% higher than the national average. Overall Operating Availability (OA) was also the highest-ever at 88.4%.

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. Company has expertise of supplying complete Systems for entire power stations comprising Boiler, Turbine and Balance of Plant (BoP).

INDUSTRIES

BHEL is a leading manufacturer of a variety of electrical, electronic and mechanical equipment, to meet the demands of a number of industries, like metallurgical, mining, cement, paper, fertilizers, refineries & petrochemicals etc. other than 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, 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. Industry sector is fully geared to execute EPC contracts for captive power plants from concept to commissioning.

TRANSPORTATION

Today, over 70% of Indian Railways, one of the largest railway networks in the world is equipped with traction equipment built by BHEL. BHEL's involvement in the transportation sector has been marked with rapid growth. Most of the trains in Indian Railways, whether electric or diesel powered, are equipped with BHEL's traction propulsion system and controls. The range 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 3900HP electric locomotives and 4700HP 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. 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 also established itself as a leading supplier of state-of-the-art propulsion equipment to Indian Railways for 3-phase drive 6000 HP electric locos, 4000 HP diesel-electric locos, electrical multiple units etc.

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.

Development of 3-phase IGBT based propulsion system for AC-EMU and AC-DEMU is also underway in association with technology partner.

RENEWABLE ENERGY

BHEL has made rapid strides in this strategically important area of non-conventional energy, which holds the key to the problem of burgeoning energy needs, on the one hand and rapidly depleting fossil-based energy sources, on the other. 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. BHEL also has the capability to set up Grid-connected and Hybrid SPV Power Plants. In addition, BHEL fabricates space-grade solar panels and space-quality batteries for satellites launched by ISRO. BHEL is also supplying small hydro power plants (up to 25 MW station capacity) for distributed power generation.



150 KWp Solar Power Plant commissioned at Kadmat Island of Lakshadweep

OIL AND GAS

BHEL possesses expertise to design, manufacture and service various types of onshore rigs to suit the Indian service conditions. The range of equipment covers onshore deep drilling rigs, super-deep drilling rigs, heli-rigs, work-over rigs, mobile rigs and desert rigs with matching draw works and hoisting equipment. The diesel-electric oil rigs for onshore drilling made by BHEL are suitable for depths up to 9,000 metres.

BHEL is supplying onshore drilling rig equipment viz. Draw works, Rotary-table, Travelling 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 also executes orders for refurbishment and up-gradation of onshore Oil Rigs.

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 36KV and 145 KV Gas Insulated Substation (GIS). HVDC Disc insulators of rating 320kN/420kN have been developed and supplied for the first time in the country for use in



Series Compensation Scheme installed in 400 KV Kanpur-Ballabgarh transmission line of PGCIL

± 800KV HVDC application. BHEL has indigenously developed and commercialized state-of-the-art controlled shunt reactor for reactive power management of long transmission lines.

With a strong engineering base, the company undertakes turnkey execution of substations up to 400 KV and has the capability to execute 765 KV substations. High Voltage Direct Current (HVDC) systems have been supplied for economic transmission of bulk power over long distances.

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

INTERNATIONAL BUSINESS

BHEL has, over the years, established its references in 70 countries across the world. 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 taken significant steps towards globalisation with successful forays in new markets and new product areas, apart from firmly establishing the company's presence in existing export markets and areas.

Some of the major successes achieved by BHEL have been in Gas-based power projects in Oman, Libya, Malaysia, UAE, Saudi Arabia, Iraq, Bangladesh, Sri Lanka, China, Kazakhstan; Thermal power projects in Cyprus, Malta, Libya, Egypt, Indonesia, Thailand, Malaysia, Sudan, Syria, Ethiopia, Senegal, New Caledonia; Hydro power plants in New Zealand, Malaysia, Azerbaijan, Bhutan, Nepal, Taiwan, Tajikistan, Thailand, Afghanistan, Vietnam, Rwanda; Compressors in Oman, Iraq, France and Substation projects & equipment in Philippines, Ghana, Tanzania, Laos, Malaysia, Libya, Zambia, Saudi Arabia, Iraq, Ethiopia, Nepal, Bangladesh, and Afghanistan. Execution of these overseas projects has also provided BHEL the experience of working with world renowned consulting organizations and inspection agencies.

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 viz. HSE requirements, financing packages and associated O&M services, to name a few. BHEL has proved its capability to undertake projects on



126 MW GTG-based Qarn Alam Power Plant in Oman commissioned by BHEL on EPC basis

fast-track basis. 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 has been established in Rwanda – AIL, Ethiopia – OIA, Senegal – Nykomb, Indonesia – MFI, for taking up EPC on partnership basis. Reference for large Unit size rating has been created by securing an order for Steam Turbine based Tishreen Thermal Power Plant on EPC basis from Syria for 2x200MW Units. International visibility is also exhibited by participating in International exhibitions in Egypt, Vietnam, Syria & South Africa and winning best exhibitor award.

Technology Up-gradation, Research & Development

To meet the Customers' expectation of contemporary technologies and faster deliveries company lays great emphasis on the continuous up-gradation of products & related technologies, and development of new products. 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.

The Corporate R&D Division at Hyderabad leads BHEL's research efforts in a number of areas of importance to BHEL's product range. 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 fifth in the series, BHEL has established a Centre of Excellence for Intelligent Machines and Robotics (COE-IMAR). Centre of excellence is being established for Compressors & Pumps.

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

BHEL has introduced, several state-of-the-art products viz. 60 MW Bubbling Fluidised Bed Combustion Boiler for power generation, 260 MW steam turbine designed to suit combined cycle power plants, 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, Solar Panels with 5500 watts output consisting of high- efficiency multi-junction solar cells, Satellite Batteries for INSAT 4A, Controlled Shunt Reactor (CSR) for 400 KV Transmission lines, Flexible AC Transmission Systems (FACTS), STATCOM, Phase Shifting Transformer(PST), 145 KV Gas Insulated Switchgear (GIS), Micro controller based flame scanner, a more energy efficient single cylinder non-reheat steam turbine for 100-140 MW application, Single cylinder reheat Steam turbine in 120-150 MW range, Deaerator for 1000 MW power plants, combined HP-IP module in the output range of 500-650 MW with subcritical parameters, IGBT based 3-phase drive system for 700 HP diesel electric locomotives, technology for manufacture of 400 KV long-rod composite insulators with improved properties by adding nano materials, Performance Analysis, 320kN/420kN Porcelain insulators, 800 KV hollow insulator, Diagnostics and Optimization (PADO) package for power plants, 91 ton BHEL 280 Bowl Mill, etc. Design has been developed for new module THRI brushless exciter for adoption of advance feature for 800 MW exciter.

Reinforcing its position as a total solution provider, 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 PowerPac-G, software jointly developed by BHEL and TCS, this is a system for complete power plant maintenance for Combined Cycle Power Plant application and takes care of all the maintenance needs of a power station.

The company is also engaged in research in futuristic areas like fuel cells for distributed environment-friendly power generation, clean coal technology applications, standardisation of electrode making process, development of process for addition of Nano/Micro particles for improving material characteristics, super conductivity applications in transformers, generators/ motors etc. With



The Centre of Excellence for Computational Fluid Dynamics at Corporate R&D, Hyderabad

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, 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, and Young Managers Programmes.

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 is an environment friendly company in all its activities, products and services, providing safe and healthy working environment to all stakeholders. In fact this aspect has become an integral part of the company's business performances. Environment improvement projects (EIP) form part of the MoU between BHEL and its Administrative ministry. 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. CDM is a planned activity for each Unit and carbon credit forms part of budgeted activity.



Shri Anil Sachdev, Director (HR) presenting Dialyser to a kidney patient at AIIMS

In conformity with BHEL's concern for society and environment, a more energy efficient single cylinder non-reheat steam turbine for 100-140MW application has been developed, suitable for plants where large amounts of waste heat is available and reheat option is not feasible. 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".

Thrust is being given 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. Quarterly and annual CSR reports are prepared containing the activities carried out, benefits accrued to neighbouring communities, the number of people benefited and the amount spent etc.

BHEL adopted 56 villages having nearly 80,000 inhabitants. In addition, BHEL provides financial assistance to various NGOs/Trusts/Social Welfare Societies that are engaged in social activities throughout the country.

Participation in the UN's Global Compact Programme

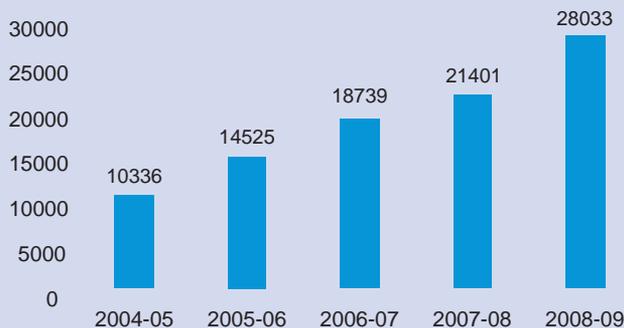
The company reiterates its commitment to United Nation's Global compact programme and the set of core values enshrined in its ten principles and the intent to advance Global Compact principles within the company's sphere of influence on human rights, labour standards, environment and anti corruption. 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 has made these a part of the strategy, culture and day-to-day operations. As part of this programme, BHEL continues to play a lead role in the activities of the Global Compact Society in India, which acts as an apex level nodal agency representing Indian corporate bodies and institutions/organizations that are committed to UN's Global Compact Programmes. 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.

YEAR AT A GLANCE

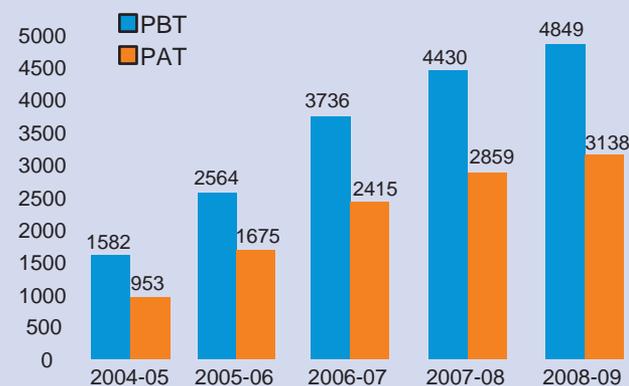
(Rs. in crore)

	2008-09	2007-08	CHANGE (%)
Orders Received	59678	50270	18.71
Orders Outstanding	117000	85200	37.32
Turnover	28033	21401	30.99
Value Added	9894	8323	18.88
Employee (Nos.)	45666	43636	4.65
Profit Before Tax	4849	4430	9.46
Profit After Tax	3138	2859	9.76
Dividend	832	746	11.53
Corporate Dividend Tax	142	127	11.81
Retained Earnings	2165	1986	9.01
Total Assets	39581	29554	33.93
Net Worth	12939	10774	20.01
Total Borrowings	149	95	56.84
Debt : Equity	0.01	0.01	0.00
Per Share (in Rupees) :			
- Net worth	264.32	220.11	20.08
- Earnings	64.11	58.41	9.73
Economic value added	2008	1810	10.94

Turnover
(in Rs. crore)



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

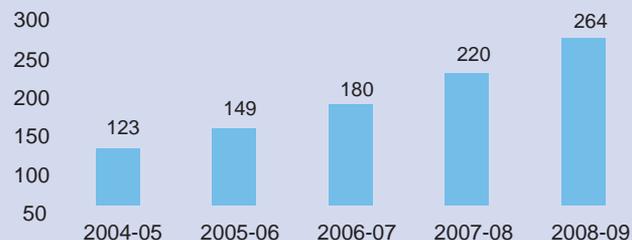


Financial Charts

Orders Secured
(in Rs. crore)



Net Worth Per Share
(in Rs.)

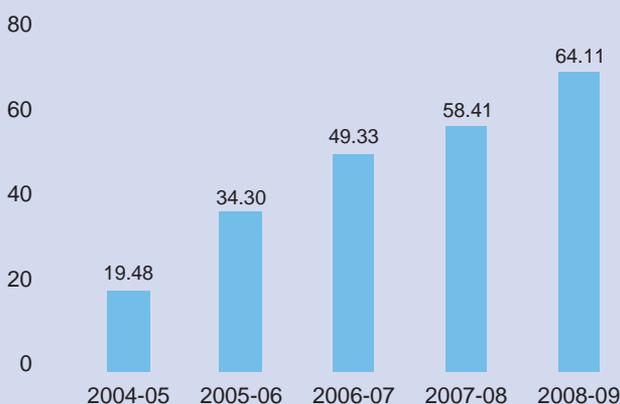


In 2007-08 bonus shares were issued in the ratio of 1:1, figures (charts) are restated based on enhanced share capital for comparison.

Dividend Ratios



Earnings Per Share
(in Rs.)

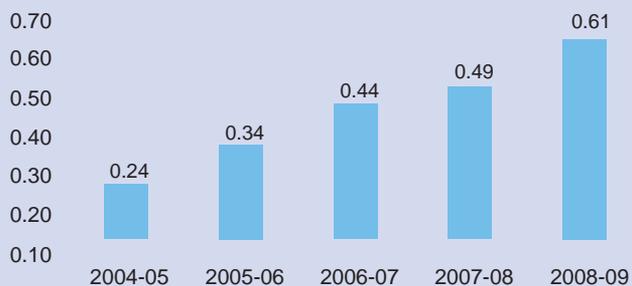


In 2007-08 bonus shares were issued in the ratio of 1:1, figures (charts) are restated based on enhanced share capital for comparison.

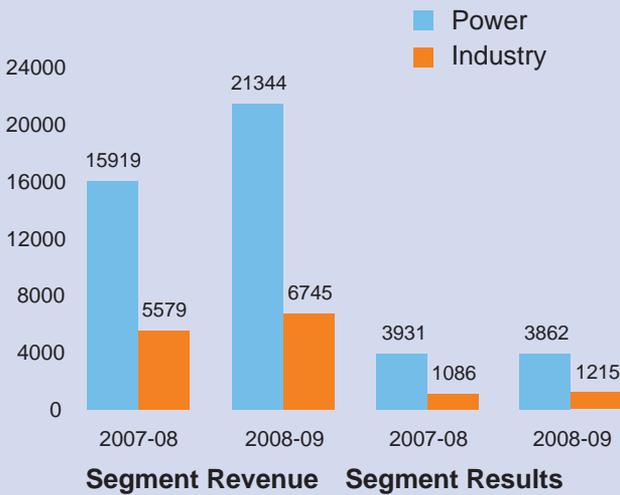
Manpower
(in Nos)



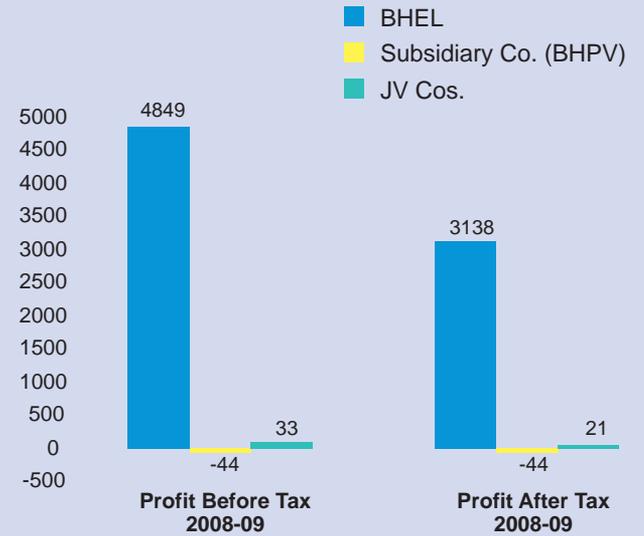
Turnover Per Employee
(in Rs. crore)



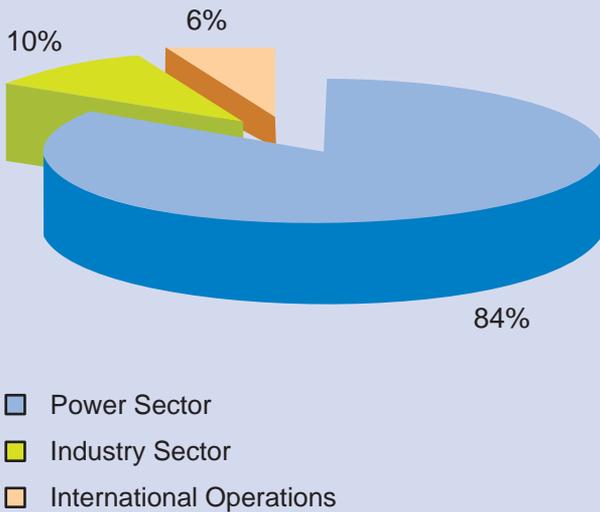
Segment-wise Revenue & Results



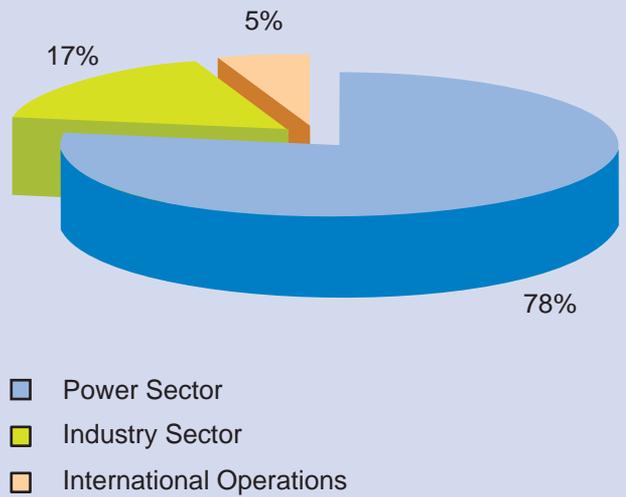
Consolidated Financial Statements -PBT/PAT



Sector-wise order book outstanding as at March 31, 2009



Sector-wise order book 2008-09



Awards



Shri C.S. Verma, Director (Finance), BHEL receiving ICWAI National Award for Excellence in Cost Management from Shri Anurag Goel, Secretary, Ministry of Corporate Affairs, GOI



CMD, Shri K. Ravi Kumar receiving the prestigious 'ENERTIA Individual Contribution Award in Thermal Power Sector' from Shri R.V. Shahi, former Secretary - Power, GOI



Shri B.P. Rao, Director (IS&P), BHEL receiving the DSIJ Most Investor Friendly PSU Award 2009 from Hon'ble Chief Minister of Delhi, Smt. Sheila Dikshit



CNBC-TV18 Best Performing CFO Award presented to Shri C.S. Verma, Director (Finance), BHEL

Directors' Report

To the Members,

We are delighted to present our 45th Annual Report on the business and operations of the Company for the year ended March 31, 2009.

FINANCIAL RESULTS

(Rs. in Crore)	Financial Year	
	2008-09	2007-08
(a) Turnover	28033	21401
(b) Profit before depreciation, interest & tax	5214	4763
(c) Less: Depreciation	334	297
(d) Less: Interest & Finance charges	31	36
(e) Profit before tax	4849	4430
(f) Less: Provision for Taxes (including deferred tax & Fringe benefit tax)	1711	1571
(g) Profit after Tax	3138	2859
(h) Add:/(less) Statutory appropriation	1	1
(i) Distributable Profit	3139	2860
(j) Add: Balance brought forward from the previous year	430	443
(k) Balance available for appropriation	3569	3303
i) Dividend (including interim dividend)	832	746
ii) Corporate Dividend tax ((incl. on interim dividend)	142	127
iii) Amount transferred to General Reserve	2000	2000
(l) Balance in P&L account to be carried forward	595	430
(m) Earnings per Share (Rs.)	64.11	58.41
(n) NAV per share (Rs.)	264.32	220.11
(o) Economic Value Added (Rs. crore)	2008	1810

FINANCIAL HIGHLIGHTS

During the year the turnover increased by 30.99% to Rs. 28033 crore from Rs. 21401 crore in the previous year. The Turnover net of Excise duty, increased by 35.78% from Rs.19305 Crore in 2007-08 to Rs. 26212 crore in 2008-09. Profit before Tax for the year 2008-09 is placed at Rs. 4849 crore as against Rs. 4430 crore during 2007-08. Profit After

Tax is placed at Rs. 3138 crore as against Rs. 2859 Crore during 2007-08. Profit before tax has grown by 9.46% only impacted mainly by increase in material cost and additional wage revision provision.

The provision made for wage revision in 2008-09 is Rs. 1729 crore (includes Rs. 600 crore paid as adhoc and 50% DA merger) as against Rs. 737 crore (includes Rs. 199 crore paid as adhoc) in 2007-08. The provision for wage revision for the year 2008-09 includes Rs. 661 crore provided for additional provision for gratuity due to enhancement in ceiling limit from Rs. 3.5 lacs to Rs. 10 lacs based on guidelines issued by DPE. Further, during 2007-08 there was an interest income (net) of Rs. 252 crore towards Income Tax refund.

Profit after tax registered an increase of 9.76% to Rs. 3138 crore as against Rs. 2859 crore in the previous year. Net Worth of the company has gone up from Rs.10774 crore to Rs.12939 crore registering an increase of 20%. NAV per share has increased from Rs. 220.11 in 2007-08 to Rs. 264.32 in 2008-09.

DIVIDEND

The Board has recommended a Final Dividend of 80% (Rs. 8 per share), Rs. 392 crore, for the year 2008-09. An interim dividend of 90% (Rs. 9 per share), Rs. 440 crore, on share capital of Rs. 490 crore, has already been paid for the year 2008-09. Thus the total dividend payment for the year 2008-09 is Rs. 832 crore (exclusive of dividend tax) as against Rs. 746 crore paid in the previous year.

Provision of Rs. 67 crore has been made for Corporate Dividend Tax on the Final dividend proposed. Corporate Dividend Tax of Rs. 75 crore has already been paid on the interim dividend.



Interim dividend of 90% for the year 2008-09 to the Govt. of India

ORDERS RECEIVED

Orders received during the year increased by 18.71% from Rs. 50270 crore in 2007-08 to Rs. 59678 crore in 2008-09. Sector-wise orders booked are as follows::

(Rs. in Crore)	2008-09	2007-08
Power Sector	47167	41069
Industry Sector	10254	7860
International Operations	3265	2312
Total Orders Booked*	59678	50270
Order Book outstanding at the end of the year	117000	85200

* Net of inter Sectoral Orders

RATING OF BHEL VIS-À-VIS MOU TARGETS

Performance of BHEL for the year 2007-08 has been rated as 'Excellent' in terms of MoU signed with the Government of India. BHEL has been awarded the MoU Composite score of '1.19'. The MoU rating for 2008-09 is under finalisation by the Government.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BOARD OF DIRECTORS

Appointment

Dr. Sutanu Behuria, IAS, Additional Secretary and Financial Adviser, Ministry of Commerce was appointed as a Part-time Official Director w.e.f. 07.10.2008.

Shri K. Ravi Kumar, Director (Power) was given additional charge of CMD on 01.03.2008 for a period of six months or until further orders, whichever is earlier, which had been extended for a further period till 30.06.2009, vide Department of Heavy Industry letter no. 1(3)/08-PE-XI dated 01.09.2008. Subsequently, the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry vide its letter number 1(4)/2008-PE-XI dated 01.07.2009 has conveyed approval of the Competent Authority for extension of service of Shri K. Ravikumar, Director (Power), BHEL for three months (i.e., upto 30.09.2009) or till a new CMD is selected, whichever is earlier. In pursuance of this letter, Shri K. Ravikumar will continue to hold additional charge of the post of Chairman & Managing Director, BHEL.

Shri Ashok Kumar Basu, Shri M.A.Pathan and Smt. Reva Nayyar were appointed as Part-time Non-Official Directors w.e.f. 22.06.2009.

Shri Rajiv Bansal, IAS, Joint Secretary, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry was appointed as Part-time Official Director w.e.f. 14th July, 2009.

Shri Saurabh Chandra, IAS, Additional Secretary and Financial Adviser, Ministry of Commerce & Industry, Department of Industrial Policy and Promotion was appointed as Part-time Official Director w.e.f. 20th July, 2009.

In accordance with Article 67 (iv) of the Articles of Association of the Company, Shri Ashok Kumar Basu, Shri M.A.Pathan, Smt. Reva Nayyar, Shri Rajiv Bansal and Shri Saurabh Chandra, shall hold office as Directors upto the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

Cessation

Shri B.S Meena, IAS, Additional Secretary and Financial Adviser, Ministry of Steel ceased to be a Part-time Official director w.e.f. 9th September, 2008.

S/Shri Shekhar Datta, Sanjay Madanlal Dadlika, Ashok K Aggarwal and Manish Gupta who were appointed as Part-time Non-Official Independent Directors w.e.f. 16th November, 2005 ceased to be Directors of the Company on completion of their tenure on 15th November, 2008.

Shri C.P.Singh, who was appointed as Director (ER & D) w.e.f. 1st September, 2006, resigned and relieved from the services of BHEL on 10th February, 2009.

Shri Madhukar who was appointed as Part-time Non-Official Independent Director w.e.f. 5th July, 2006 ceased to be a Director of the Company on completion of his tenure on 4th July, 2009.

Dr. Surajit Mitra, IAS, Additional Secretary, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry ceased to be a Part-Time Official Director w.e.f. 14th July, 2009.

Dr. Sutanu Behuria, IAS, Additional Secretary and Financial Adviser, Ministry of Commerce, ceased to be a Part-time Official director w.e.f. 20th July, 2009.

The Board of Directors places on record its deep appreciation of the valuable service rendered/advice and guidance provided by S/Shri B.S Meena, Shekhar Datta, Sanjay Madanlal Dadlika, Ashok K Aggarwal, Manish Gupta, C.P.Singh, Madhukar, Dr. Surajit Mitra and Dr. Sutanu Behuria, as Directors of the Company during their tenure.

Pursuant to Article 67 (i) of the Articles of Association of the Company, S/Shri Anil Sachdev and B.P.Rao retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

In compliance with Clause 49 IV (G) (i) of the Listing Agreement, brief resume of the Directors proposed for appointment and reappointment, nature of their expertise in specific functional areas and names of Companies in which they hold directorship and Membership of 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 GOI's policy on the same.
- Some of the activities undertaken during the year included
 - a) imparting training to all the executives recruited during the year
 - b) organising Hindi workshops
 - c) organising inter-unit and inter-departmental competitions
- Further, to increase the competitiveness for implementation of Official Language among our units/divisions, Inter unit Rajbhasha Shields were awarded to seven units i.e. Bhopal, Power Sector-Northern Region, Jagdishpur, Haridwar, EPD-Bangalore, EDN-Bangalore and R&D Hyderabad.
- Committee of Parliament on Official Language inspected our Haridwar, EDN Bangalore, Bhopal and PS-PEM during the year and appreciated the efforts being made in implementation of Official Language.
- 14 BHEL units/divisions have been inspected by Corporate Rajbhasha Implementation Group. Publication of corporate level half yearly Hindi magazine 'Arunima' was started during the year.
- In order to strengthen the Rajbhasha Implementation, five posts of Rajbhasha Officers & three each of Hindi translators & Hindi typists were filled through internal selection.
- Most of the Units of BHEL including Corporate Office organized Hindi competitions under the auspices of TOLIC. Many awards were received by employees of the company in various competitions held under auspices of TOLIC.
- All the units of the company, including Corporate Office, celebrated Hindi Divas in Sept'08. To celebrate the occasion Hindi Maah / Hindi Pakhwara / Hindi



Director (HR), Shri Anil Sachdev releasing the inaugural issue of Corporate Magazine titled 'Arunima'

Saptah were also organized during which various Hindi competitions were organised and awards were given to employees & their wards. Republic Day & Independence Day celebrations were conducted in Hindi at our Noida Township and major units in 'A' region.

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 Society (GCS) - an apex level nodal agency, formed by the leading Indian Organizations. BHEL continued to remain in the forefront in all activities of the Society as Secretary/GCS being BHEL nominee. Notable activities of the year were, organizing National Convention on **Achieving Growth with Responsibility: The Global Compact Way** on 10th December 2008, convener of which was Director(HR) of BHEL and holding of monthly meetings of the Society, 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.

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.



Director (HR) addressing the Fourth National Convention of Global Compact Society (GCS) at New Delhi

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 2008-09. 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. 43 such programmes were organized during the year 2008-09 in various Units, Regions and offices of BHEL.

During the year 2008-09 Vigilance Heads of all Units / Regions have carried out **system studies** with a view to make systems more effective and transparent. The suggestions/recommendations were made to the Management by the respective Vigilance Heads based on the outcome of the System Studies.

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 hosting of 'vendor registration process', 'vendor registration status' on Company's website, On-line 'bill payment status' available to vendors, Full compliance to e-payments, On-line Annual Appraisal System etc.

SECURITY

The security of most of the Plants of the company is being managed by the CISF. In some smaller Plants, the company has its own security, while 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.

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.

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, 2009 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;



BHEL adopts Integrity Pact – signed MoU with Transparency International India (TII) for increased transparency in procurement

- (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 2008-09 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, 2009 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.

None of the employees of the Company is 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.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company is given at Annexure -- 5.

AUDITORS

The Auditors of your Company are appointed by the Comptroller and Auditor General of India. The names of auditors appointed for the year 2008-09 are printed separately in the Annual Report.

The replies to the points referred to in the Auditors' Report and to the Comments of the Comptroller and Auditor General of India are given at Annexure – 6.

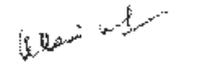
ACKNOWLEDGEMENTS

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 auditor, 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 achievement of an excellent performance possible.

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



K. RAVI KUMAR

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : July 22, 2009

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. 2008-09	F.Y. 2007-08
Authorised Share capital	2000	2000
Issued, subscribed & Paid up Share Capital	490	490

There is no change in the share capital during the year 2008-09

2. RESERVES & SURPLUS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Capital Reserve	3	3
Foreign Project Reserve	1	3
General Reserve	11850	9849
Profit & Loss Account	595	430
	12449	10285

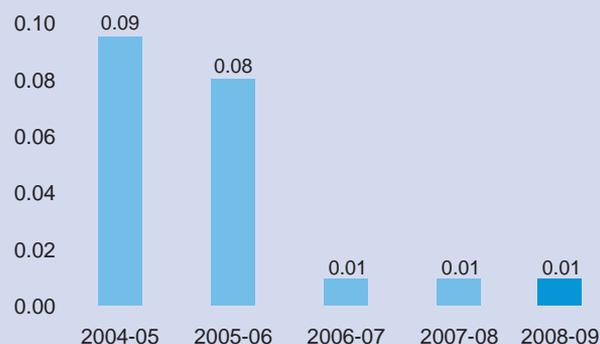
The Reserve & Surplus has increased by Rs. 2164 crore during 2008-09 after addition of profit after dividend distribution.

3. LOANS FUNDS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Secured Loans	0	0
Unsecured Loans	149	95

Unsecured Loan represents assets taken on Finance Lease. Increase was due to EDP equipment taken on Finance Lease.

Debt Equity Ratio



4. FIXED ASSETS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Gross Block	5224	4443
Less: Depreciation/ amortisation	3713	3403
Less: Lease Adjustment Account	41	59
Net Block	1470	981
Capital Work-in-Progress	1157	658

Gross Block and Capital Work in progress increased by Rs. 782 crore, and Rs. 499 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. 2008-09	F.Y. 2007-08
Long Term Trade Investments	52	8

Long term trade investments have increased by Rs. 44 crore mainly on account of equity contribution of Rs. 5.05 crore in Joint Venture Companies and Rs. 38.95 Crore paid as advance for issue of shares in Subsidiary Company & Joint Venture Companies.

6. Deferred Tax Assets (Net)

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Deferred Tax Assets (Net)	1840	1338

Deferred Tax assets (Net) have increased by Rs. 502 crore mainly on account of increase in provisions including provision for wage revision.

7. INVENTORIES

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Inventories	7837	5736

Inventory increased by Rs. 2101 crore over previous year in tune with the increase in volume of operations. In terms of days of turnover, it has increased from 98 days in 2007-08 to 102 days in 2008-09.

8. SUNDRY DEBTORS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Sundry Debtors (Gross)	15976	11975

Debtors in absolute terms increased by Rs. 4001 crore mainly due to increase in turnover. In terms of days of turnover it increased from 204 days in 2007-08 to 208 days in 2008-09. Debtors also include goods dispatched which could not be billed immediately due to required documentation for billing.

9. CASH AND BANK BALANCES

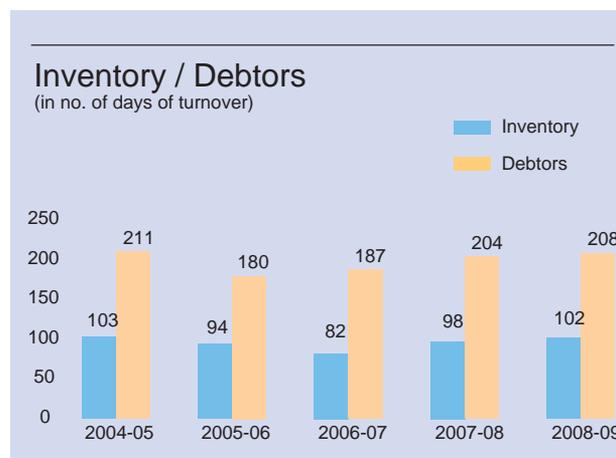
	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Cash & Bank Balances	10315	8386

The cash and cash equivalents have increased from Rs. 8386 crore in 2007-08 to Rs. 10315 crore in 2008-09 reflecting the sound liquidity of the company.

10. LOANS AND ADVANCES & OTHER CURRENT ASSETS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Loans & advances	2424	1388
Other Current assets	350	421

Loans & advances have increased by Rs 1036 crore in line with increased level of operations. Other current assets represent interest accrued on bank deposits and investments.



11. CURRENT LIABILITIES & PROVISIONS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Current Liabilities	23357	16576
Provisions	4976	3446
	28333	20022

The increase in current liabilities is mainly due to increase in advances received from customers by Rs. 5041 crore and in sundry creditors & liabilities by Rs. 3270 crore due to increase in volume of operations.

Increase in provision was mainly due to additional provisioning for wage revision (including Rs.661 crore provision for gratuity due to enhancement in limit from Rs.3.5 Lakh to Rs. 10 Lakh based on the guidelines issued by DPE)

PROFIT & LOSS ACCOUNT

12. TURNOVER

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Gross Turnover	28033	21401
Less: Excise duty & service Tax	1821	2096
	26212	19305

Turnover net of Excise duty increased by 35.78% during the year. Power segment and industry segment contributed 76% and 24% respectively for the total revenue of the company.

13. OTHER INCOME

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Other operational Income	514	422
Misc./Other income	213	127
Interest Income	770	896
	1497	1445

During 2007-08 there was an Interest Income (Net) of Rs. 252 crore on Income Tax refund. Excluding this there is an increase of Rs.304 crore during 2008-09. This was mainly contributed by increase in interest income from short term investments, Exchange Variation (Net) gain etc.

14. CONSUMPTION OF MATERIAL, ERECTION & ENGINEERING EXPENSE

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Consumption of Material, Erection & Engineering Expenses	17620	11821

The increase in Consumption of Material, Erection & Engineering Expense by Rs. 5799 crore or 49% was on account of increase in Turnover / volume of operation and also due to increase in the cost of material.

15. EMPLOYEES REMUNERATION & BENEFITS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Employees Remuneration & Benefits	2984	2608

Employees Remuneration & Benefits increased by Rs. 376 crore or 14.42% during the year compared to the previous year. It includes Rs.177 crore paid as Adhoc to be adjusted against wage revision payments.

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

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Other Expenses of Manufacturing, Administration, Selling & Distribution	1836	1644

The increase in Other Expenses of manufacturing, Administration, Selling & Distribution is Rs. 192 Crore or 11.68% as compared to 2007-08 in line with increased level of operations of the company.

17. PROVISIONS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Provisions (Net)	1281	778

The increase in provisions (net) in 2008-09 is mainly due to additional provision for wage revision. The wage revision provision (net of Adhoc/DA merger impact) is Rs. 1129 crore in 2008-09 as against Rs. 538 crore in 2007-08.

18. INTEREST AND OTHER BORROWING COSTS

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Interest and other borrowing costs	31	35

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. 2008-09	F.Y. 2007-08
Depreciation	334	297

The increase in depreciation by Rs. 37 crore was on account of increase in gross block on commissioning of facilities, which are part of ongoing capacity augmentation schemes.

20. PROVISION FOR TAXATION

	Figures in Rs. Crore	
	F.Y. 2008-09	F.Y. 2007-08
Income Tax-Current Year	2251	1935
- Earlier Years	(-) 78	12
Deferred tax	(-) 502	(-) 403
Fringe Benefit Tax	40	27
	1711	1571

Tax liability has been provided as per the provisions of Income Tax. The increase in Income Tax was due to increase in the taxable profit for the year. The increase in deferred tax assets is due to higher provisions.

Fringe Benefit Tax has increased by Rs. 13 crore due to increase in FBT related expenses on account of increased level of operations.

21. PROFIT AFTER TAX

Figures in Rs. Crore

Particulars	F.Y.	F.Y.
	2008-09	2007-08
Profit after Tax	3138	2859

The Net profit for the year rose by Rs. 279 crore or 9.76%.

22. DIVIDEND

The company has paid an interim dividend of 90% (Rs. 9 per share), Rs.440 crore, on share capital of Rs. 490 crore during the year 2008-09. The Board has also recommended a Final dividend of 80% (Rs. 8 per share) i.e. Rs.392 crore.

The total dividend payment for the year 2008-09 is Rs. 832 crore (exclusive of dividend tax) as against Rs. 746 crore in the previous year.

Provision of Rs. 67 crore has been made for corporate dividend tax on the Final dividend proposed. Corporate dividend tax of Rs. 75 crore has already been paid on the interim dividend.

23. TRANSFER TO GENERAL RESERVE

An amount of Rs. 2000 crore has been transferred to General Reserve for the year 2008-09.

(II) FINANCIAL REVIEW OF SUBSIDIARY COMPANY

The Company has taken over Bharat Heavy Plate & Vessels Ltd. (BHPV) as a 100% Subsidiary Company w.e.f. 10.05.2008.

The financial highlights of BHPV are as under:

Figures in Rs. Crore

Particulars	F.Y.	F.Y.
	2008-09	2007-08
BHEL's Investment in Equity (* at Re.1/-)	*	N.A.
Turnover	84.39	180.30
Profit after Tax	96.35 #	-56.05
Net Worth	-229.95	-576.74

includes Rs. 230.08 crore interest waived on loans

The Financial Statements of BHPV are consolidated for the transactions from 10.05.2008 (The date of acquisition by BHEL) to 31.03.2009. The goodwill for BHPV has been accounted in the Consolidated Financial Statements based

on the Financial Statements of BHPV as on 09.05.2008. BHEL is in the process of reviving the company with adequate managerial and financial support.

(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.	F.Y.
	2008-09	2007-08
BHEL's Investment in Equity	2.38	2.38
Turnover	427.29	326.77
Profit after tax	44.31	46.07
Net Worth	55.76	46.26

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

A Joint Venture between BHEL & NTPC incorporated on 29th April, 2008 for executing EPC jobs in the Power Sector. The Financial highlights are as under :

Figures in Rs. Crore

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

c) UDANGUDI POWER CORPORATION LTD.

A Joint Venture between BHEL & TNEB, incorporated on 27th December, 2008, to build, own and operate a 1600 MW (2x800 MW) Super Critical Thermal Power Plant at Udangudi. BHEL has contributed Rs.5 crore towards Equity participation. There were no major financial activities during the year.

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, which is under liquidation.

(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 transaction in line with above (AS) are as under :

Particulars	F.Y.2008-09			Figures in Rs. Crore
	BHEL Standalone	Subsidiary Co. (BHPV)	Joint Venture Companies	Total CFS
Turnover	28033	72	214	28319
Profit before Tax	4849	-44	33	4838
Profit after Tax	3138	-44	21	3115



2100 MW Ramagundam Super Thermal Power Station

B. PERFORMANCE OF BUSINESS SEGMENTS

POWER SECTOR

Power Sector booked orders worth Rs 47167 Crore for supply and installation of 17020 MW of generating equipment as well as services and supply of spares. This is the highest ever order booked by Power Sector in financial and physical terms, in any financial year.

Successful initiatives of the company have resulted in up-gradation of technology and a foray into new product segment & ratings:

- Maiden Order for new rating of 800 MW Supercritical Boilers received for Krishnapatnam project of APPDCL.
- Maiden Order for new rating of 660 MW Turbine Generator Sets with Supercritical parameters for Barh project of NTPC received.
- Orders for 10 sets of 600 / 660 MW received, which is the largest number of orders in a year in this rating group.
- Largest single order of 4 units of 600 MW each received for O.P.Jindal SSTP, Raigarh PH III
- Order for 6 sets of Advance Class Frame 9FA Gas Turbines received from PPCL for Pragati III CCPP (1371.2 MW) and from OTPC for Pallantana CCPP (726.6 MW).
- Highest-value order for hydro project received : Rampur HEP (6x68.67 MW) from SJVNL

To the credit are successful strategic initiatives resulting in :

- JV agreement signed with TNEB for setting up Super Thermal Power Project (2x800 MW Udangudi) in Tamilnadu.
- JV signed with KPCL for setting up super critical Power Project in the Karnataka state.



Signing of MOU for JVC for setting up Nuclear Power Plants



Signing of JV with Tamil Nadu Electricity Board for setting up 2x800 MW Supercritical Power Project at Udangudi (Tamil Nadu)

- MoU signed with NPCIL to float a JV company to jointly execute conventional island of Nuclear Power Projects
- MoU signed with GE Hitachi for cooperation in Nuclear Island Equipments for Power Plants to be implemented by NPCIL based on ABWR technology of GE Hitachi.
- MoI signed with GSECL for supercritical thermal power projects in Gujarat
- MoU signed with APGENCO for formation of JV for setting up 182 MW Integrated Gasification Combined Cycle (IGCC) plant of the Country in the state.
- New Private Sector Customer added:
 - Bina Power Supply Co. Ltd. (Jai Prakash Group) – 2x250 MW
 - GVK Power Ltd – 2x270 MW Goindwal (Thermal)
- Reference Proposal for 2X600MW BTG(sub-critical) prepared to address a large number of proposals being received for this rating. Reference Proposal for 2X800MW (Super critical) is also prepared for future orders.
- System Design and Proposal Engineering carried out for new thermal ratings of 145 MW with single cylinder machine and 150 MW with 2 cylinder machine for the first time.

Following significant orders for main equipment were received during the year :

COAL (14410 MW)

Orders Received against International Competitive Bidding(ICB)

- 2x500 MW (SG , STG Pkg) for 2 projects each: Vindhyachal, Rihand and STPP of National Thermal Power Corporation(NTPC).

- 2x500 MW (SG Pkg, STG and ESP) for Mauda STPP of National Thermal Power Corporation (NTPC)
- 2x660 MW (STG Pkg) with Supercritical parameters at Barh Stage-II of National Thermal Power Corporation(NTPC)
- 4x600 MW (BTG, Stn C&I, Bunker Structure and Power Transformer) at Raigarh of Jindal Power Limited (JPL)
- 1X250 MW (BTG , ELEC) at Parli 3 of Maharashtra State Power Generation Company Limited (MSPGCL)
- 2x500 MW (BTG) at Chandrapur TPS Expn of Maharashtra State Power Generation Company Limited (MSPGCL)
- 2X500 MW (BTG , Civil) at Tuticorin of NLC Tamilnadu Power Project (NTPL), a JV of NLC & TNEB
- 2x600 MW (BTG,Stn C&I, Civil) at Malwa (Shree Singaji) TPP of Madhya Pradesh Power Generating Co. Ltd. (MPPGCL)
- 2x800 MW (SG Pkg) at DSTPS(Krishnapatnam) of Andhra Pradesh Power Development Company Limited (APPDCL), a joint venture of APGENCO and ILFS

Orders Received on Negotiated Basis:

- 2x500MW (BTG,ELEC and C&I , Civil-CP) at Marwa TPP of Chhattisgarh State Electricity Board (CSEB)
- 1x600 MW (EPC) at North Chennai Stg II -2 of Tamil Nadu Electricity Board (TNEB)
- 1x500 MW (EPC) at Bokaro TPS – A of Damodar Valley Corporation (DVC)
- 1x600 MW (BTG , Elec) at Kakatiya Stg II of Andhra Pradesh Power Generation Corporation Limited (APGENCO)
- 2x250 MW (BTG,C&I,Transformers) at Bina TPP of Bina Power Supply Company Limited (BPSCL)



2x500 MW Rihand Super Thermal Power Station

- 2x270 MW (BTG,ELEC) at Goindwal TPS in Punjab of GVK Power Ltd
- 2x250 MW (MPP with Aux) at Chhabra PH II - 3&4 of Rajasthan from Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL)

GAS (2198 MW)

Orders Received against International Competitive Bidding (ICB):

- 1371.2 MW (MPP, Turnkey) at Pragati III CCPP of Pragati Power Corporation Limited (PPCL)
- 726.6 MW (EPC) at Pallantana CCPP of ONGC Tripura Power Co Pvt. Ltd. (a JV of ONGC , Tripura Govt & IL&FS)
- 100 MW (EPC) at Namrup of Assam Power Generation Corporation Limited(APGCL)



430 MW Combined Cycle Power Plant at Faridabad built on turnkey basis

NUCLEAR

- 700 Mwe (SG) at Kakrapar of Nuclear Power Corporation of India Limited (NPCIL) through Limited tender

HYDRO (412 MW)

- 6x68.7 MW (E&M Supply and Erection) at Rampur of Satluj Jal Vidyut Nigam Limited (SJVN), Orders Received against International Competitive Bidding (ICB)

SPARES & SERVICES

- Out of total 3 nos. R&M projects finalized in the country in 2008-09, BHEL SSBG secured order for all the 3 projects (namely 2x110 MW Barauni TPS Units-6&7; 2x110 MW Muzaffarpur TPS Units-1&2 and 1x110 MW Harduaganj TPS Unit-7) amounting to Rs. 1,062 Crore, thus having a market share of 100% in this segment for 2008-09.

- Renewed thrust in Services business resulted in Order booking of Rs 398 Crore for 2008-09 against Rs 200 Crore for 2007-08 with an increase of 99% over 2007-08.
- Hydro Task Force was constituted to enhance the portfolio and to further tap the business potential in this area. This resulted in order booking of nearly Rs. 120 Crore. in 2008-09 for Hydro spares with an increase of over 50% from 07-08 i.e Rs 80 Crore.
- Hydro R&M is showing good signs of growth with orders worth Rs 30 Crore finalised in 2008-09 compared to total order receipt of Rs 57 Crore in the entire 10th plan.
- Completion of R&M projects in 2008-09:

BHEL has commissioned the R&M of Ukai TPS 120 MW Unit-1 and Upgrading of Panipat TPS 110 MW Unit-1. With this BHEL has commissioned 12 sets, 1350 MW of R&M projects in the country against 26 sets, 3370 MW awarded to it from total of 35 sets, 4080 MW of orders decided in the country.

SERVICE AFTER SALES (SAS) :

The orders of Power Sector include orders worth Rs 2507.07 crore for supply of Operation & Maintenance (O&M) spares and R& M Equipment as well as Rs 252.93 crore for services works including PPIB.

COMMISSIONING

Power Sector synchronized 30 sets totaling 4182 MW during the year within the country. This includes 14 domestic BHEL utility sets totaling 3495 MW, 7 Industrial sets totaling 455 MW and 9 industrial sets totaling 232 MW synchronised by Manufacturing Units.

Thermal sets synchronized during the year were Kahalgaon 7 (500 MW) in Bihar, Bhillai 1,2 (2X250 MW) in Chhattisgarh, Raigarh Ph II -2 (4) (250 MW) in Chhattisgarh, Sipat-5 (500 MW) in Chhattisgarh, Kutch Lignite 4 (75 MW) in Gujarat, Chandrapura Extn 1(7) (250 MW) in Jharkhand, Amarkantak 5 (210 MW) in M. Pradesh, Trombay 8 (250 MW) in Maharashtra, Bhatinda(LM) - 4 (250 MW) in Punjab, Giral- 2 (125 MW), Suratgarh 6 (250 MW) in Rajasthan, Bakreswar-5 (210 MW) in W. Bengal.

Hydro set at Ghatghar (125 MW) in Maharashtra was also commissioned.

7 Industrial sets of 455 MW were commissioned by Power Sector during the year Additionally 9 Industrial sets of 231.75 MW were commissioned by Manufacturing Units (MUs) directly.



Trombay Super Thermal Power Station

PERFORMANCE OF BHEL UTILITY SETS

- BHEL coal based sets registered PLF of 80.0 % which is 2.6% higher than National Average of 77.4%.
- 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 367878 MU's with PLF of 83.6 % and OA of 90.8 %.
- 79.4 % of total electric energy generated by Coal sets in the country was contributed by these sets.
- Nineteen stations equipped with BHEL equipments recorded a PLF of above 90% viz. Dahanu (100.6),Rihand (100.2), Dadri (99.4), Sipat (95.4), Simhadari (97.4), Sabarmati (96.9), Ramagundam (96.5), Korba-NTPC (96.3), CESC (95.6), Kota (94.6), Bhatinda (LM) (93.6), Unchahar (93.7), Vindhyachal (93.4), Vijayawada (93.7), Trombay (91.6), Rayalseema (92.2), IB-Valley (90.7), Korba East (90.7), Singrauli (90.9).



290 MW Almatti Hydro Power Station

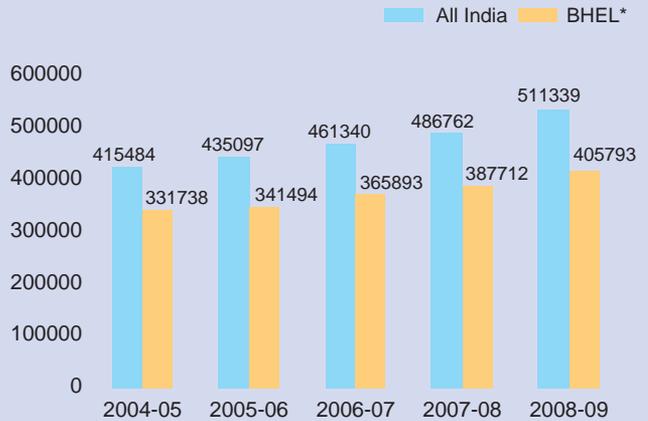
Installed Generating Capacity (Coal+Gas+Hydro+Nuclear+Diesel)

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).

- BHEL coal based sets registered PLF of 80.0 %.
- 192 BHEL supplied coal based sets achieved PLF of over 70%. Of these, 85 sets registered PLF of over 90% and 62 sets achieved PLF between 80% - 90%.



1080 MWe Tarapur Atomic Power Plant equipped with India's highest rating BHEL-built power generating equipment

- BHEL Coal Sets registered the Operating Availability (O.A.) of 88.2%
- 150 Thermal Sets of BHEL make achieved O.A. higher than or equal to 90%.
- 164 BHEL supplied coal based sets clocked uninterrupted operation for more than 90 days during the year out of which:
 - 51 sets ran twice continuously for more than 90 days.
 - 28 sets continuously ran for more than 200 days.

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 utilities and industrial sets including 3 non BHEL sets covering various products e.g. Boilers, TGs and Auxiliaries. 5 Hydro sets were also overhauled during the year.

Industry Sector



Onshore Oil Rigs for ONGC

In Industry Sector, BHEL secured record orders worth Rs. 10254 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 from HINDALCO for 6x150 MW BTG package for Mahan (MP). This is also the highest value order ever received in Industry sector.
- Largest order in the refinery segment received from HMEL (JV of HPCL & Mittal Energy Ltd.) for 153 MW Combined cycle CPP on LSTK basis.
- EPC order for Cogeneration Captive Power Plant Package (68 MW) from MRPL
- Cogeneration plant order from Fertilizer sector (GNFC) after a gap of more than 12 years for Bharuch CPP.
- Variety of STG orders from various process industries

Rail Transportation

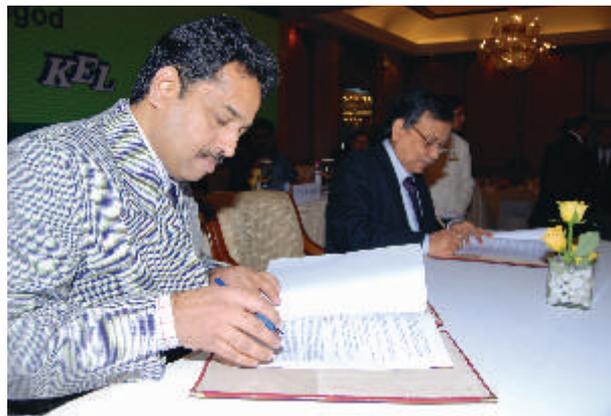
- Significant order for Traction Electrics for Kolkata Metro, after nearly two decades, from ICF Chennai. Besides Electrics, the order includes brakes and door mechanism to be integrated with the propulsion system.
- Orders for 9 nos. of 700 HP DE Shunting Locomotives from JSPL, SAIL and Essar.

Other business highlights in this segment include:

- MoU with KEL, Kasaragod for formation of JV for manufacture of Traction alternators & other rotating electrical machines for Indian Railways and other customers in India.



700 HP Diesel Shunting Locomotive for Indian Railways



Signing of MOU for Joint Venture with KEL, Kasaragod, for manufacture of products for Railways and Industries

Industrial Products (Electrical)

- Order for 2 nos 4060 KW, 18P motors from M/s Dresser Rand for compressor drives for HMEL Bhatinda refinery. This is the highest rating order received so far for slow speed Pressurised synchronous motors.
- First order for supply of largest vertical motors for CWP application to an Ultra Mega Power Project - 10 nos. 5200KW, 22 Pole 11KV CACW induction type secured from M/s Kirloskar Brothers Ltd for CGPL, Mundra.
- Order for highest rating BFP motor - 3 Nos. 17500KW 11KV 4 Pole SCIMs for NTPC Barh 2 X 660 MW.

Industrial Products (Mechanical)

- Highest ever orders for up-gradation & refurbishment of 12 onshore drilling rigs and advanced instrumentation system for 53 onshore rigs from ONGC.
- Highest ever orders for Compressors: HMEL-Bhatinda, BRPL-Bongaigaon, HPCL-Mumbai, & MRPL-Mangalore; Turbo Blower Package from SAIL, Rourkela Steel Plant.
- All-time high orders for Well Heads and X-mas trees from ONGC, OIL & private companies.
- MoU for TCA signed with Nuovo Pignone S.p.A Italy for Centrifugal Compressors

Defence

- First-ever order in Defence business for supply of ACS/IPMS (Auxiliary Control Systems-Integrated Platform Management System) from Mazagon Dock Ltd.
- Repeat business for 3 nos SRGMs from Mazagon Dock Ltd (Indian Navy) including spares.

Transmission Systems – Sub-station/switchyards

- Developmental order for 765KV Transformer, Reactor, CT, CVT & CB from PGCIL
- Order for FSC (Fixed Series Compensation) from PGCIL, Wardha.



DC switchyard of 200 MW, \pm 500KV HVDC Project

- 400 KV switchyards: ONGC Tripura Power , GIS for TNEB, North Chennai, Satluj Jal Vidyut Nigam Ltd, PPCL- Pragati – III.

Other business highlights in this segment include:

- MoU with PGCIL for development of 1200KV transformer and other products.
- BHEL becomes sole supplier in the world for 420 kN/320 kN porcelain insulators for \pm 800KV HVDC transmission lines, following successful testing at STRI, Sweden; first consignment for PGCIL flagged-off.

Transmission Products (ROD)

- Bulk order for 40 Transformers from Coastal Gujarat Power Ltd. for Mundra UMPP, involving country's highest-rating Generator Transformers (930 MVA, 400KV, 3 phase banks) reinforcing technological and market leadership in transformers
- Maiden order for Generator Transformers for 660 MW sets from NTPC for Barh Stage-II followed by order for Generator Transformers for Tirora Project of Adani Power (3x660 MW).



Solar Photovoltaic Plant at Mousuni Island of Sunder Van (West Bengal)

- 26 nos. 400 KV Shunt Reactors from PGCIL - largest shunt reactor order ever placed in India.
- First order for supply of Bus ducts for Ultra Mega Power Project: 33 KV IP Busduct and 12 & 7.2 KV SP Busduct from Coastal Gujarat Power Ltd.

New & Renewable Energies

- PV Modules of various ratings from BEL, Bangalore; Alps Environmental Technologies, CREDA, Chattisgarh and other customers.
- MoU signed with BEL for formation of a JV to address Solar Photovoltaic business and for setting up manufacturing facility for silicon wafers, solar cells and modules.

Projects Commissioning:

- Captive Power Plant equipment (STG & GTG) ranging from 15 MW to 125 MW commissioned for various industry segments, creating capacity addition of 687 MW.
- In Transmission Sector highest number of substations / switchyards projects (15 nos.) including two overseas projects commissioned in 2008-09.



2x77 MW Captive Power Plant on EPC basis for Hindustan Zinc Ltd.



600 MW Western Mountain Gas Turbine Power Project in Libya set up on turnkey basis

In International Business, bucking the global recessionary trend, BHEL achieved a physical export order inflow of Rs. 3265 crore during the year - an increase of 41 % over that of the previous fiscal.

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

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

Major Achievements during 2008-09:

- Significant export orders received included:
 - Six-year Price Agreement (Rate Contract) for 126 MW unit rating Gas Turbine Generator package secured from Petroleum Development Oman, initially valid for six years with a provision of extension by another three years.
 - Largest ever export order – 2x200 MW Steam Turbine-based Tishreen Thermal Power Plant secured from PEEGT, Syria on EPC basis. This is the first power plant order from Syria and first-ever EPC export order for a 200 MW unit rating based thermal power plant.
 - Two consecutive export orders for Power Generating equipment from International Energy Resources, UAE comprising 4 nos. of 42 MW unit rating Gas turbine Generator sets.
 - First ever overseas order for an EPC Hydro Power Plant secured from Ministry of Infrastructure, Rwanda for setting up 28 MW Nyaborango Power Plant, marking BHEL's entry into Rwanda.
 - First export order for 125 MW unit rating coal-fired BTG package from an IPP to be set up in Senegal, expanding BHEL's global footprints with this entry in Senegal.
 - Maiden export order for Hydro-generator from Tajikistan for supply of 7 MW Hydro-generator.
 - Another export order for Steam Turbines & Boilers secured from Indonesia – 3x18 MW BTG package with CFBC Boilers from PT Kaltima Prima Coal (KPC), Indonesia.



Largest Capacity (6 MW, 1500 rpm, 6.5 KV) Vertical Motor

- 18th consecutive order from PPC Greece, an unparalleled achievement. With this order for 5 nos. 100 MVA Power Transformers, BHEL has now secured orders for over 3,000 MVA transformers from Greece since 1995.
- Other notable export orders include; Boiler Feed Pumps from Libya; Valves & Wellheads from Oman; Transformers from Myanmar; Motors from Nigeria; Hydraulic couplings from New Caledonia and Solar Cells/ Modules from Sweden, Japan and Uganda.
- Continued focus on After Sales Services led to orders for Spares & Services from Oman, Saudi Arabia, Indonesia, New Zealand, USA, Cyprus, Sri Lanka, UAE, Nepal, Sudan and Libya.

The overseas orders executed included:

- During the year, BHEL supplied power generating equipment to customers in several countries

including Bangladesh, Iraq, Libya, UAE, Sudan, Indonesia, Afghanistan, Oman, New Caledonia etc.

- 27 Transformers totaling to 2885 MVA transformers erected and commissioned during the year in overseas markets including Egypt, Bangladesh, Afghanistan and Ethiopia. This is the highest ever MVA ever commissioned by BHEL in a single year overseas.
- Two substations in Ethiopia (Nefas – Mawecha and Gashena) were successfully commissioned this year. This project was funded by World Bank and would supply electricity to remote village areas of Ethiopia. In addition, one substation in Bangladesh (Ishurdi) was also successfully commissioned.
- Demonstrating the highest level of customer commitment, to overcome the challenges of

difficult logistics of Afghanistan, BHEL airlifted two 90 Metric Tonne transformers using a chartered aircraft. This is a rare occasion that a single piece of such heavy engineering equipment has been airlifted from India.

- Compressor Train and Drive Turbine were supplied to M/s Grande Paroisse, France.
- The 120 MW unit of Tripoli West Thermal Power Station, Libya, was brought back into operation by successfully replacing the HP Rotor. The unit, originally commissioned, nearly three decades back has been successfully re-commissioned and is now performing satisfactorily.
- 48 Wellheads supplied to Daleel Petroleum, Oman under the Rate Contract. So far, 96 Wellheads have been supplied to Oman under this rate contract, which was first such rate contract entered by BHEL in overseas market.

Capital Investment



Shri P. Chidambaram, Hon'ble Union Minister for Home Affairs and other dignitaries including CMD, Directors and other senior BHEL officials at the foundation stone laying function of BHEL's new manufacturing plant at Tirumayam (Tamil Nadu)

C. CAPITAL INVESTMENT

• Capital Investment During The Year 2008-09:

BHEL has incurred a capital investment of Rs. 1082 Crore during the year 2008-09 towards augmentation of manufacturing capacity and modernisation of the facilities, in manufacturing units and at power project sites, as against Rs.726 Crore invested during 2007-08, registering an increase in capital investment by 49%.

• 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.60 Crore.

• Augmentation of Capacity From 10,000 MW To 15,000 MW Per Annum:

In order to capitalize on the emerging opportunities in the country's power capacity addition programme, it was decided to augment the manufacturing capacity for Power Plant Equipment from 10,000 MW per annum to 15,000 MW per annum.

All Schemes for capacity enhancement to 15,000 MW per annum for Power Plant Equipment have already been approved. These schemes are under various stages of implementation and have been planned for implementation by December 2009.

• Augmentation of Capacity From 15000 MW to 20,000 MW Per Annum:

Keeping in view increasing demand of power, it was considered necessary for BHEL to again review and assess the need of capacity expansion of power plant equipment beyond 15,000 MW per annum. BHEL has further decided to enhance its manufacturing capacity from 15,000 MW per annum to 20,000 MW per annum. Investment proposal amounting to Rs.1592 Crore has been approved by the Board. The schemes are under implementation and planned for completion by Dec' 2011.

D. Joint Ventures

1. 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 eleven full financial years of operation.

BGGTS achieved a sales turnover of Rs 427 crore during the year 2008-09 with a profit after tax of Rs 44 crore. Orders for Rs 395 crore were booked by BGGTS during the year including export orders from overseas. BGGTS successfully completed gas turbine servicing & supply of spares to various customers like TNEB, ONGC, IOCL, Reliance, Essar etc. BGGTS also completed export orders of Rs 14 crore. For the year 2008-09, BGGTS has declared a dividend of 625 % thereby maintaining its consistent record of performance.

2. 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.

3. NTPC BHEL Power Projects Pvt. Ltd. (NBPPPL):

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 lakh subscribed 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.

4. Barak Power Private Limited (BPPL):

BHEL has promoted a joint venture company with PTC India Ltd for setting up of 2x125MW 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.

5. **Udangudi Power Corporation Limited:**

BHEL has promoted a joint venture company with Tamilnadu Electricity Board for setting up of a 2x800MW 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.

6. **Raichur Power Corporation Limited:**

BHEL has promoted a joint venture company with Karnataka Power Corporation Limited (KPCL) for setting up of a 2x660/800MW Supercritical Thermal Power Plant at Yeramarus, Raichur, Karnataka and 1x660/800MW 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.

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 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 08-09 is Rs. 690.01 Crore, an increase by 46%. The turnover achieved by products and systems developed in-house is Rs. 5570.85 Crore an increase by 87%. BHEL's IPR capital has grown by 31% taking the total figure for patents and copyrights filed by BHEL, to 868 Numbers.

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

- **RO-based desalination plant**

BHEL being alive to conserve a very vital resource "Water", has developed a compact 2.4 TPD (tons per day) RO based desalination plant skid (suitable for sea water) for Defence sector against a developmental order. The complete fabrication of the skid is with material SS316L & SS316, membranes are of spiral wound type and all the parts are as per the standards prescribed by customer.

- **800KV AC Hollow Insulators**

To augment its range of disc insulators for meeting customer requirements, BHEL has developed 800KV AC Hollow Insulators for the 1st time in the Country. Commercial supplies to commence in 2009-10. These insulators will be used in 765KV UHV AC system.

- **Development of Master Controller for Wind-SPV-Diesel Hybrid System**

Reinforcing its commitment to exploit renewable energy resource in order to conserve other natural resources, BHEL had taken up a MoU project with an aim to develop technology for optimum utilisation of non-conventional energy sources in the absence of utility grid. To achieve this goal BHEL has commissioned a 100 KW hybrid system integrating wind, solar photovoltaic (SPV) and diesel as energy sources, at Kadavakallu in Anantapur district of Andhra Pradesh. This technology has been developed for the first time in the country, which shall pave the way for creating stand-alone grids consisting of wind generators, diesel generator sets and SPV systems. Under this project, a master controller has been developed, which will ensure proper operation of the stand-alone grid allowing maximum penetration of the wind and utilisation of solar power with a view to minimise the usage of diesel.

- **New design of a Single Cylinder Reheat Turbine in 120-150 MW Range**

In order to meet customers' demand of improved part load efficiency and a Compact design in industry segment, BHEL has developed this design using State-of-art Software. Main features of 120-150 MW single cylinder reheat steam turbine include Combined HP, IP and LP turbines in a single casing with Horizontally split outer and inner casings, Nozzle control with regulating stage and reaction blading, Central admission, Provision of extractions for regenerative feed heating cycle, High pressure electro-hydraulic actuators etc.

- **Development of Brushless exciter with Compact PMG for 250MW THRI Turbo Generator**

BHEL in its endeavor to continuously upgrade its product with new technology has completed development of Brushless Exciter which requires a Permanent Magnet Generator for energizing the field coils of Main Exciter. This development facilitates not only better dynamic behaviour due to reduction in Overhang weight but also better regulation as well as control on PMG output voltage, hence better site operation.

- **Deaerator for 1000 MW Super Critical Power Plants**

Consistently offering new designs to suit market needs, BHEL has completed design development of "Deaerator for 1000 MW Super Critical Power Plants". Apart from other activities, project involved complete thermal design and mechanical sizing of the Deaerator including flow pattern analysis to study its performance. The development has addressed emerging business need for super critical range of power plants in the country.

- **Combined HP-IP module (K30-63) for 500 to 650 MW range sets of Steam Turbine**

Keeping pace with the futuristic market and technology trends for compact, economical and efficient 2-cylinder turbines in the output range of 500-650 MW with sub-critical parameters, BHEL has developed a combined HP-IP module to cover the range of 500-650MW TG Sets using State -of- art design tools e.g. 3D modeling, CFD, FEM have been used for design, development & analysis.

- **Compact design of Site welded stay ring for Hydro Turbine**

The continuous drive to innovate even in established products has resulted in a new compact design of split

stay ring which gives multiple advantages. It permits use of compact guide apparatus which in-turn brings the generator closer to turbine and facilitates adoption of semi-umbrella bearing arrangement. This design brings weight reduction for medium & high head stay rings and more significantly permits accommodation of semi-umbrella bearing arrangement in the limited space of underground caverns.

- **Steam and Water System for Nuclear Power plant**

Reinforcing its position as a total solution provider to customers BHEL has completed "Engineering for the Steam and Water System for Nuclear Power plant" for the 1st time for Power Cycle of Nuclear Plants. The initiative involved development of Process and Instrumentation Engineering on PID's for Steam and Water cycle comprising of Feed water and Main Steam system, Operation Grade Heat Removal (OGDHR) System including Steam Condensers with variable Speed Drives, Steam Generator Tube side Depressurization System comprising SG Isolation, Feed Water Drain and Nitrogen Flushing Systems.

- **Magnetically Impelled Arc Butt (MIAB) Welding**

Fostering experimentation of diverse techniques in already established practices, BHEL has established a new "Magnetically Impelled Arc Butt (MIAB)" automated welding process capable of welding irregular or non-circular components as circular. This is a 1st time development and apart from improving process efficiency, will also result in a low distortion welds free from inclusions and impurities. In addition to above, the improved process does not require a highly skilled operator and can be used at sites conveniently as machine used is portable.

- **PTFE Bonding Process for lining pads of thrust bearing for Hydrogenerators**

Driven by innovation and experimentation in new manufacturing technology, BHEL has achieved distinction of becoming part of an elite group of few companies who possess "PTFE Bonding Process". This technology is used for lining pads of thrust bearing for hydro generators. This development will not only meet customers' requirement but also offer Greater operational flexibility, higher efficiencies due to reduction in coefficient of friction in addition to higher load taking capacity.

- **Development and Characterization of Nanocrystalline Wear Protection Coatings using Thermal Spray Techniques**

Handling uncertainties in R&D through persistent efforts, BHEL has developed techniques that have

been applied to produce nano-crystalline coatings on carbon steel samples by spraying TAFE 110MXC cored wire and SHS 7170 cored wires using the Twin Wire Arc Spray equipment. The results show that SHS 7170 nano-structured coating has improved erosion resistance at all temperatures and angles compared to Carbon Steel base metal even with quartz used as erodent. The improvement is of the order of 3 to 4 times. Based on the encouraging results, it was decided to test the performance of nano-crystalline SHS 7170 coating in a power plant and in association with BHEL, Tiruchy, Twin Wire Arc spraying of SHS 7170 material has been carried out in-situ on water wall tubes of 250 MW Panipat TPS (Unit 7). The performance of the coating shall be evaluated after one year of operation

- **Supercritical test advanced Research facility to conduct heat transfer studies at super critical pressure conditions (>221 bar)**

To meet the growing demand of Supercritical boilers in the country and carry out developmental work in this futuristic technology, BHEL has established a test facility which is not only capable of testing steam parameters up to 400 bar and 700°C but also enable simulation of the evaporator and super heater conditions by electrical heating to check the flow, pressure and heat flux conditions ensure reliability of the boilers at the design stage itself. This facility is also capable of analyzing ultra super critical boiler requirements being considered worldwide for economical power generation. This facility is expected to cater for the technology requirement of supercritical boilers in India for the next two decades.

- **Hydrogen Testing Facility on Stator Capsule for Ex'e machines Certification IS: 6381 (2004)**

For the benefit of its customers by way of developing more efficient products/technologies, BHEL has established this test facility which assumes importance in view of the fact that such Test facility for these types of tests does not exist in any Laboratory or Industry in India. The national Standards have been revised in 2004-2005 and made more stringent in line with International (IEC) Standards. Special Electrical tests (High Voltage test and Impulse test) in an explosive gas atmosphere containing Hydrogen are now mandatory for voltages above 6.0 KV. BHEL has taken the lead and developed special facility at their Bhopal works. These tests have been performed on both 6.6 & 11.0 KV Insulation system.

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.

A special session of the Apex level bipartite forum namely "The Joint Committee for BHEL" was held in Workshop format for two days on 5th and 6th September, 2008 at Goa. The theme of the Workshop was "Tackling Business Challenges". The Workshop was to familiarize the workers about the challenges being faced by the company and how they can contribute towards meeting these challenges. The senior leaders from the Central Trade Union Organisations and Union representatives from all the Units of BHEL besides CMD, Directors and Heads of all Units participated very enthusiastically in the Workshop. Presentations on various issues concerning the economic and business environment, road map for operational excellence and the challenges being faced by the business sector were discussed. 7 Syndicate Groups were formed on critical topics and they gave valuable suggestions and recommendations concerning cost cutting measures at work place and wastage control, improving quality, bringing quality consciousness among employees, increasing men and machinery efficiency and sequential supplies from the Units. Subsequently, the presentations and recommendations of the Syndicate Groups were shared with the employees at the grass root level in all the Units. It was also decided that similar workshops will be held at the Unit level and a workshop was arranged at BAP Ranipet. Other units are also planning to have such workshops.

Apart from the above Workshop, three more meetings of the Joint Committee were held during the year. Similarly 31 meetings of the Plant Councils and 140 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 2006** (declared on 15/8/08 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.

Four employees had won three awards (1 No. Shram Vir & 2 Nos. Shram Shree) by Haridwar unit & Hyderabad unit respectively.

- **Vishwakarma Rashtriya Puruskar 2007 Performance Year** (declared in Aug08 by Ministry of Labour)

Vishwakarma Rashtriya Puruskars are given to recognize outstanding contribution made by a worker or a group of workers in an organization through his/her/their suggestions to improve productivity.

Eight employees of BHEL have won three awards out of 28 Vishwakarma Rashtriya Puruskars declared by Ministry of Labour. (One award in category “A” and two awards one in each category “A” & “C” have been won by Hyderabad and Haridwar respectively.)

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

National Safety Awards are given to recognize good safety performance on the part of Industrial understanding (covered under Factories Act, 1986) and to stimulate and maintain interest of both the management and the workers in accident prevention programs.

Hyderabad unit was declared Runner-up in National Safety Award.

3) Human Resource Development

In the year 2008-09, a total of 36948 employees (excluding ETs, STs and ATs etc) were exposed to different training programmes amounting to 5.54 training man days per employee. If training of



HRDC workshop at BHEL, Tiruchirappalli

Engineer Trainees and Supervisory Trainees is included, the number of employees trained becomes 40083 and Training Mandays per employee becomes 27.17. As a part of our social commitment, over 4139 Act Apprentices and 989 customer personnel were also trained at various units.

- Revenue Generated by BHEL vide HRD and HRDI activities - Rs. 2.34 crore (approx).
- Overall BHEL vide customer personnel were trained belonging to organizations such as – NFL Vijaypur, Guna (MP), Electricity Generation Co. of Bangladesh, ECCO – Libya, Oman Refinery and Petrochemicals LLc, Muscat, Oman and EGCB, Siddhirganj, Bangladesh.
- According to 2008-09 MoU signed with Govt. of India, BHEL's commitment was for - Developing and implementing policy for “Mentoring and Coaching”. It was agreed that 700 employees will be provided Mentors. We have allotted Mentors for 859 employees



Training identification workshop organised by HRDI for esteemed customer (ECCO, Libya) at their premises in Libya

till March 2009. 17 Workshops on “Mentors facilitators” were organized by HRDI covering 239 Mentors in different units.

- Hon’ble Union Minister of State for Commerce and Power, Shri Jairam Ramesh visited HRDI on 2.1.2009 and unveiled HRDI Brochure “Accelerating Learning-Igniting Passions”. Hon’ble Minister desired that the HRDI ought to have a separate campus with world class facilities using state-of-art technology. He also advised to convert all double rooms to single rooms and revamp facilities.
- Competency-based training programmes on the basis of developmental needs chosen by our executives in E-Map throughout the organization were organized to ensure need-based developmental input.
- 105 ETs of 2007 extended batch absorbed after completion of one year training and clearing the written exam and interview. Also in order to acculturate newly inducted employees and make them performance ready for the minimum possible time, the Induction training module for all levels of inductees has been successfully implemented this year.
- The usage of one year Training Module for Artisan Trainees – Praveen 2008’s skill proficiency level for Artisans was implemented at RCP - Hyderabad with excellent results where it was found that all Artisans as assessed by an external agency (ATI Vidyanagar) were found to have good proficiency levels.
- The Surveillance audits of ISO 9001:2000 certification by BVQI of HRDI, was conducted smoothly.
- HRDI organized training identification workshop at ECCO Libya in May 2008 as consultancy on

Organizational Development Initiative and Intervention. Also two executives were accommodated on the request of Chairman of ECCO Libya in 227th General Management Programme held in August 2008.

- For conductance of Core and Competency based programmes standardized designs were evolved and published in the form of a booklet namely - Glimpse of Core Programmes, Extension Programmes and Competency based programmes 2008 – 09.
- Training needs of societies like BHE Shiksha Mandal, Helping Hand, Thrift and Credit, Mahila Kalyan Samiti etc. are being met at HRDC(Bhopal).
- Study on “Usage of Personal Protective Equipments” and implementation of its Suggestions on Safety Shoes, Goggles, modified Quality Helmets, clothing etc fulfilling OHSAS-18001 standards was done. This was conducted jointly by HRDC (Hyderabad) & Safety Dept.
- BHEL, DVC and Coal India have joined together to setup Kabiguru Industrial Training Centre at Bolpur (W.B) near Shantiniketan. This is an ITI which will provide learning opportunities and also fulfill the manpower needs of Power Sector. This is being set up by a newly formed society Registered under Societies Registration Act (WB). Shri R S V Prasad, the then ED (HR & CC) is the President and Shri Parth Sarathi, GM (HRDI) the Secretary.
- HRDI is providing consultancy services to THDC on Performance Management System.
- SAP – HRD Workshop was held on 10.9.2008 with participation of all unit HRDCs wherein Training and Event Management (TEM) Template were finalized. The HRDI Calendar for 2009-10 was also given for prototyping.



Foundation Stone laying ceremony of Kabiguru Industrial Training Centre at Bolpur, West Bengal



Director (HR) releasing the book titled 'Enhancing Effectiveness of Training Programmes' written by Shri Parth Sarathi, GM, HRDI

- Hyderabad – Customer related programmes on Gas Turbine, Generator and Compressor were organized for Engineers of Oman Refinery and Petrochemicals LLC, Muscat, Oman and EGCB, Siddhirganj, Bangladesh.
- R&D –National Conference organized on Robotics and Intelligent Manufacturing Process RIMP – 2009 and CFD Applications in Power and Industry Sector.
- Trichy - As per RDAT Notification, HRDC / Trichy has started a two year Fresher Apprentice Course (1 year course + 1 year Apprentice) in Welder Trade on 15.10.2008.
- A Book titled “Enhancing Effectiveness of Training Programmes” written by Shri Parth Sarathi, General Manager, HRDI was published.
- Shri Shammi Sukh, AGM (PS-HRDD) has authored two books namely “Precious Tips on Parenting” and “Mai” (in Hindi).
- To improve industry – Institution Cooperation following MoUs were signed with –
 - ❖ Trichy – NIT, Trichy, PSG College of Technology, Coimbatore and MEPCO Schlenk College of Engineering Sivakasi.
 - ❖ Bhopal – Sagar Institute of Research and Technology (SIRT) for Project Work to be identified by TSD Department

4) Manpower strength

The manpower strength of the Company as on 31.03.2009 was 45666.

5) Information regarding Presidential Directives Activities of the company for welfare and advancement of SCs and STs:

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 Community Development activities focused on Socio-Economic development of SCs, STs and BackWard classes 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 19.48%, 4.95% and 13.41% for SCs, STs and OBCs respectively as on 01.01.2009.

However, the reservation requirement in direct recruitment during the year (as on 31.12.2008) has been 20.8% for SCs, 6.5% for STs and 33.06% for OBCs. This does not include offers issued, but joined after 31.12.2008, 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 01/01/2009 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 1st Jan., 2009:

Presently we have a total of 512 Physically Challenged employees in BHEL as on 01.01.2009. The group wise manpower strength of Physically Challenged employees in the Company as on 01.01.2009 is given at Annexure - B.

G. RIGHT TO INFORMATION ACT, 2005

- BHEL is a frontrunner 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 within BHEL along with Appellate Authority are functioning as part of RTI.
- Proactive disclosures were made in line with Section 4(1) (b) of the Act through BHEL web site. 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.

- 551 applications were received, seeking information during the year 2008-09. All applications received in BHEL have been disposed off within specified time frame, in line with the provisions of the Act.
- Training programmes have been organized for better understanding of the provisions of the Act for the designated officers and other senior officials.

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 signed a Memorandum of Understanding (MoU) on 23rd March 2009 for business cooperation in conventional boilers and R&M business outside India with Transelektro Ganz Rock of Hungary, a company specializing in manufacturing, installation and servicing of boilers for Power Plants and supply of equipment connected with heat transfer.

The MoU envisages cooperation between the two companies in exploring opportunities for conventional boilers (Sub-critical) and R&M of boilers outside India and especially in European and CIS countries.

BHEL is also actively pursuing acquisition opportunities in Europe and USA offering opportunities to acquire niche technologies and market access, as well as opportunities to rapidly ramp up manufacturing capacities.

J. OPPORTUNITIES AND THREATS

World

An assessment of the economic conditions by RBI indicates that the global economic conditions deteriorated sharply during 2008 and the forecasts of the various international agencies point to deepening of recessionary conditions during 2009. Uncertainty surrounding the global economic outlook remains high mainly stemming from a scenario of ongoing financial market turmoil affecting the real economy more adversely than previously anticipated. Since the official recognition of recession in the US, the UK, the Euro Area and Japan, the downside risks to the global economy have increased. According to the forecast released by the International Monetary Fund (IMF) on March 19, 2009, world output is projected to contract by 0.5-1.0 per cent in 2009 as compared with a growth of 3.2 per cent in 2008, before recovering gradually in 2010.

As per the World Energy Outlook 2008, the world's primary energy demand grows by 1.6% between 2006 and 2030. Demand grows at a slower rate due to higher energy prices and slower economic growth, especially in OECD countries. Fossil fuels account for 80% of the world's primary energy mix in 2030. Oil remains the dominant fuel, though demand for coal rises more than demand for any other fuel in absolute terms. The share of the world's energy consumed in cities grows from two third to almost three quarters in 2030.

China & India account for just over half of the increase in world primary energy demand by 2030. Collectively, non-OECD countries account for 87% of the increase. As a result, their share of world primary energy demand rose from 51% to 62%, hence overtaking that of OECD in 2005. Global primary demand for oil (excluding bio fuels) is expected to grow by 1% per year on average; however its share of world energy use drops from 34% to 30% by 2030, mainly due to impact of much higher prices and slightly slower GDP growth. All the projected increase in world oil demand comes from non-OECD countries (over 4/5th from China, India & Middle East). On the other side global demand for natural gas grows more quickly, by 1.8% per year, mainly from power generation sector. 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 grows from 1% in 2006 to 4% in 2030.

Hydropower output is projected to increase, though its share of electricity drops 2% points to 14% by 2030.

The current financial crisis is not expected to affect long term investment, but could lead to delay in current project completion.

India

Reflecting global developments and their impact on the Indian economy, as well as domestic cyclical factors, the various surveys of economic activity point towards prevalence of less than optimistic sentiment for the outlook of the Indian economy in the coming months. As per RBI, the downside risks to growth seem to have amplified due to projected global economic recession, deterioration in global financial markets and slowdown in domestic demand. The knock-on impact of global downturn is visible as the main drivers of the growth process in the Indian economy have moderated during the third quarter of 2008-09. The growth rate during the first three quarters (April-December) of 2008-09 slowed down significantly to 6.9 per cent from 9.0 per cent in the corresponding period of the previous year. The advance estimate of the GDP growth for 2008-09 is now projected to be around 6.5 to 6.7 per cent.

Power Sector

Infrastructure sector will need substantial augmentation. Within the infrastructure sector almost 50% of the capital outlay is estimated to be for the power sector, and rightly so because it is this most important input which can make or mar the outcome of the economic growth of the country.

Fortunately, in view of several Policy initiatives, the developers and investors have become quite positive towards the power sector in last three to four years. Industrialists and businessmen engaged in almost every sector of economy - Steel, Fertiliser, Petrochemicals,

Automobile, Cement, Real Estate etc. have become keenly interested in developing power projects. The developers are more serious and, given the required support from the Government for the inputs most of them, if not all of them, may take up concrete project development and capacity addition programmes.

Higher rating thermal sets with super critical parameters, Ultra High Voltage Transmission Systems, advanced class Gas Turbines and higher rating Nuclear Power Plants are planned to be introduced during the XIth Plan and beyond. Capacity creation in future would demand up-gradation to higher range equipment, faster capacity augmentation and shorter cycle times with better project execution cycles.

Ageing of power plants worldwide will improve the opportunities for renovation & modernisation and up-rating of the existing plants. The issue of Global Climatic Change is attracting the attention of everybody as it affects all parts of society. This will create the need to make energy supply more viable for the future and use the energy resources more efficiently. This is going to provide continued growth opportunities for the company as power equipment is the major business of BHEL.

The XIth Plan envisages a capacity addition of around 80,000 MW for which ordering is completed. BHEL has got 55% share. Integrated Energy Policy envisages coal to remain the dominant fuel source till 2031-32. To bring the per capita consumption to World average level, 4 fold growth is required in which Nuclear share to go up significantly. McKinsey estimates demand to soar from around 148 GW at present to 315- 335 GW by 2017.

Industry Sector

After clocking annual growth of 8.9 per cent on an average over the last five years (2003-08), India was headed for a cyclical downturn in 2008-09. But the growth moderation has been much sharper because of the negative impact of the global crisis.

According to the revised estimates released by Central Statistical Organisation (CSO), the growth rate in Index of Industrial production (IIP) moderated to 2.4% in 2008-09 from 8.5% in 2007-08 down by more than two-third. The moderation in growth occurred in all three Electricity, Manufacturing and Mining sectors. This moderation is due to fall in demand. Capital Goods also moderated to 7% growth as compared to 18% previous year.

As per CMIE, most of the demand related problems the industry faced following the worsening of the global liquidity crisis in Sep'08 were temporary in nature. Besides the



Frame 9 FA Gas Turbine testing facility at BHEL, RC Puram, Hyderabad



New Blade Shop at BHEL, Haridwar

prompt monetary measures taken by the RBI, consequent fall in interest rates and improvement in availability of credit are expected to create a conducive environment for demand to grow.

The industrial growth is expected to accelerate to 5.2% in 2009-10 on the back of strong pick-up in consumption demand as well as demand for capital goods. The segments which are going to drive this growth are machinery & equipments, petroleum products, transport equipments, non metallic minerals and mining & quarrying.

K. POSITIONING FOR THE FUTURE

- BHEL is well on its way to become a Rs. 45,000 Crore turnover company by 2011-12. To meet the Country's ambitious target of power generation capacity addition of more than 1,50,000 MW up to 2017, Orders for around 80,000 MW have already been placed for the XIth Plan and more than 30,000 MW of orders have been placed for XIIth Plan. BHEL got share of 55% in XIth Plan orders. It is expected that the share of private sector projects and the share of supercritical thermal power projects would be much higher in the XIIth Plan period.
- To deal with the competition in the domestic market, BHEL has introduced new ratings of 150 MW, 270 MW, 525 MW, 600 MW, in the sub-critical segment and 660 MW and 800 MW unit sizes in the supercritical segment. Further, the company is introducing new technologies, like Advanced class Gas Turbines, IGCC, etc., for which orders have already been received.
- In line with the 'Capacity and Capability' enhancement strategy adopted by the company, BHEL's manufacturing capacity expansion from 10,000 MW p.a. to 15,000 MW p.a. is proceeding apace and plans

are afoot to hike this further to 20,000 MW by 2011-12. During the XIth plan period a capital investment of Rs 4,200 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 equipment. Capacity augmentation of transformers is planned from 20,500 MVA p.a. to 45,000 MVA p.a.

- Capability building initiatives being pursued by the company include, forging strategic alliances by way of JVs to leverage equipment sales in the Supercritical technology domain, JVs for technology sourcing, JVs for sourcing critical inputs, equipment, etc. Such alliances include partnerships with NTPC, NPCIL, TNEB, KPCL, GSECL, KEL, BEL, HEC and PTC.
- To pursue inorganic growth, tie-ups are being explored in the areas of Transmission with focus on 765 KV and 1200 KV segments; Transportation with focus on IGBT-based propulsion systems, metro coaches, electric locos etc.; Photovoltaics with focus on manufacture of silicon wafers, solar cells, modules and setting up a greenfield PV project, and in Nuclear with focus on the reactor side, for which cooperation with GE-Hitachi to implement projects being pursued by NPCIL. Bharat Heavy Plate & Vessels (BHPV), engaged in the manufacture of industrial boilers and process equipment, has been acquired as a 100% subsidiary.
- In order to remain cost competitive and to retain market share, capability-building initiatives, through Design to Cost (DTC), Lean Manufacturing (Lean) and Purchase & Supply Management (PSM) tools will be continued for identified products at select units of BHEL.
- International business will be further enhanced by focusing on consolidation in existing international markets as well as entering new markets. Long term business tie-up has been done for 126 MW rated Gas Turbine generating sets for Oman. Long term local alliances will be done in all target regions. To set up distributorship for selected products is also in the agenda of International Business.
- Towards enhancing and strengthening manpower, an induction of 18000-20000 people has been planned up to year 2012. During 2007-09 around 4000 persons p.a. have been recruited.
- Associated with the growth agenda will be the strengthening of the engineering & technology

character of the organization with enhanced focus on innovation and R&D. BHEL plans to increase R&D spend to at least Rs.900 crore by 2011-12.

- 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.
- BHEL will continue with its commitment towards environment conservation by taking various Environment improvement projects like Tree plantation, Rain water harvesting, conservation of energy, water, fuel oil, coolant, lubricant besides installation of proper system for storage/ handling of chemical waste, using state of the art technologies.

L. RISKS AND CONCERNS

Considering the fact that most of the developed economies of the world are faced with much sharper declines in their growth rates, and also considering the gravity of the global recession which has now emerged as the strongest recession in last sixty years, even if the country is able to maintain a growth as projected it would be a highly creditable achievement. Public-private partnership in the power sector has been fully recognized. Policies have been put in place in power and petroleum, and in a limited way even in coal sector, which encourage private sector participation.

Massive power capacity additions 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

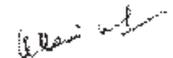
because of the growing demand. In this context, it becomes all the more necessary to develop additional capability in the field of power plant equipment manufacture as well as in the BOP area. When every project is engineered, tendered and ordered afresh, the associated business risks are preventing 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.

In power sector, considering the emerging 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 would bring about more competition for BHEL.

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.

Higher prices of oil and gas are making coal more competitive as a fuel for base load generation. At the same 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. Customers' insistence on qualification/ experience requirements is also a roadblock for introduction of Indigenous technologies.

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



K. RAVI KUMAR

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : July 22, 2009

Annexure- A

Annual Statement Showing the Representation of SCs, STs and OBCs as on 01/01/2009 and No. of appointments made during the preceding calendar year 2008

Groups	Representation of SCs/STs/OBCs (As on 01/01/2009)				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	12535	1799	670	1534	1736	296	132	434	0	0	0	0	0	0	
Group B	11889	1953	322	476	9	1	0	3	0	0	0	0	0	0	
Group C	19215	4513	1197	3721	3550	701	213	1313	0	0	0	0	0	0	
Group D (Exc. SW)	1424	377	49	334	9	5	0	4	0	0	0	0	0	0	
Group D (SW)	184	173	1	3	0	0	0	0	0	0	0	0	0	0	
Total	45247	8815	2239	6068	5304	1003	345	1754	0	0	0	0	0	0	

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

Annexure- B

REPRESENTATION OF THE PERSONS WITH DISABILITIES																		
Group	Number of Employees (representation)				DIRECT RECRUITMENT (During the calendar year 2008)								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	12535	2	6	88	18	18	19	1736	1	7	48							
Group B	11889	12	4	106	0	0	0	9	0	0	0							
Group C	19215	25	30	216	36	32	51	3550	4	4	157**							
Group D	1608	1	3	19	0	0	0	9	0	0	0							
Total	45247	40	43	429	54	50	70	5295	5	11	205							

Note: (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)

* 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, in that all employees on completion of prescribed eligibility period in a Grade and subject to attainment of 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 2007 but joined in 2008.

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

PART-TIME OFFICIAL DIRECTOR

SHRI SAURABH CHANDRA

Shri Saurabh Chandra, aged 54 years, an IAS officer of the 1978 batch of Uttar Pradesh Cadre, was inducted as a Part-time Official Director on the Board of Bharat Heavy Electricals Limited on 20th July, 2009. He is a graduate in Electrical Engineering from the Indian Institute of Technology, Kanpur and holds a Diploma in Management.

Shri Saurabh Chandra served in the State of Uttar Pradesh between 1979 to 1993. During this tenure, he worked in the Department of Finance, Uttar Pradesh Government, as Collector and Magistrate of Banda and Varanasi Districts, Administrator of Agra Municipal Corporation with concurrent charge of Vice Chairman of Agra Development Authority and Managing Director of U.P. Small Industries Corporation. During his two year stint as Managing Director of U.P. Small Industries Corporation, he was able to turn around this loss making company into a profit making undertaking.

During the period 1993 – 1998, Shri Saurabh Chandra was Director in the Department of Fertilizers, Ministry of Chemicals and Fertilizers, Government of India. His key responsibilities related to handling project related work in the Department. He was associated with setting up of Oman India project which is perhaps the largest and most successful overseas joint venture company set up by a CPSE/multi-state cooperatives.

On his return to the State, he served as Commissioner, Varanasi Division and Lucknow Division and Secretary, Department of Irrigation. Thereafter, he worked as Joint Secretary in the Department of Revenue and Department of Disinvestment, both in the Ministry of Finance. In the Department of Revenue, he handled administration related matters of the Central Board of Excise and Customs, whereas in the Department of Disinvestment, he handled policy related matters and was associated with Initial Public Offering of the Power Grid Corporation of India Limited.

Between November 2007 and February 2009, Shri Saurabh Chandra was posted as Principal Secretary in the Department of Tourism, Science and Technology and Rural Engineering Services.

Since February 2009, Shri Saurabh Chandra is posted as Additional Secretary and Financial Adviser in the Ministry of Commerce and Industry, Department of Industrial Policy and Promotion. At present, he is holding additional charge

of Financial Adviser to the Ministry of Micro, Small & Medium Enterprises, Department of Heavy Industries, Department of Public Enterprises and Ministry of Corporate Affairs.

Shri Saurabh Chandra is also a Director on the Board of HMT Limited and Member of Governing Councils of National Institute of Design, Ahmedabad and Central Manufacturing Technology Institute, Bangalore. Shri Saurabh Chandra is not holding any shares in the BHEL.

SHRI RAJIV BANSAL

Shri Rajiv Bansal, aged 46 years, IAS officer of 1988 batch from Nagaland Cadre, was inducted as a Part-time Official Director on the Board of BHEL on 14th July, 2009. He is a Graduate in Civil Engineering from IIT, Delhi and holds a Diploma in Business Finance from ICFAI, Hyderabad and Executive Masters in International Business (EMIB) from Indian Institute of Foreign Trade, New Delhi. At present, Shri Bansal is Joint Secretary in the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises.

He served as SDM and Deputy Commissioner in Nagaland during the period 1990-1993. He was Managing Director of Nagaland Industrial Development Corporation from 1993 to 1995.

Shri Bansal has worked in various capacities in Government of India. He was on deputation as Under Secretary & Deputy Secretary, Cabinet Secretariat from 1995 to 1999. On Deputation to Ministry of External Affairs from 1999 to 2002, he was posted as Consul, Consulate General of India, Frankfurt, Germany.

Shri Bansal also served as Finance Secretary, Government of Nagaland from 2002 to 2004 and as Commissioner & Secretary, Education, Government of Nagaland from 2004 to 2006.

While on deputation to Ministry of Civil Aviation, Government of India during April, 2006 to March, 2008, he successfully handled desks relating to Indian Airlines, Air India and Private Airlines as well as additional charge of Director (Finance). In his present assignment as Joint Secretary, Department of Heavy Industry, he is responsible for coordinating with Ministry of Commerce on WTO issues, sectoral negotiations etc.

Shri Rajiv Bansal is also a Director on the Board of Andrew Yule & Company.

Shri Rajiv Bansal is not holding any shares in the Company.

PART-TIME NON OFFICIAL DIRECTORS

SHRI ASHOK KUMAR BASU

Shri Ashok Kumar Basu, aged 67 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 an 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 – 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 Board 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 position of Shri Basu is as under:

1. Chairman, Remuneration Committee/ VISA Comtrade Ltd.
2. Member, Finance & Banking Committee/ VISA Comtrade Ltd.
3. Chairman, Project Implementation Committee/ West Bengal Power Development Corp. Ltd.
4. Chairman, Contract & Purchase Committee / West Bengal Power Development Corp. Ltd.
5. Member, Audit Committee/ West Bengal Power Development Corp. Ltd.
6. Member, Audit Committee/ VISA Power Ltd.
7. Member, Audit Committee/ Tin Plate Co. of India Ltd.
8. Member, Shareholders Grievance Committee/ Tin Plate Co. of India Ltd.
9. Member, Shareholders Grievance Committee/ Tata Metaliks Ltd.
10. Member, Audit Committee/ Andrew Yule Co. Ltd.

Shri Basu does not hold any shares of BHEL.

SHRI M A PATHAN

Shri M A Pathan, aged 67 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 Mobile Ltd., Petroleum Federation of India (PetroFed) and Director in IOBL, Mumbai, World LP Gas Association, Group Resident Director with TATAs etc. He has been appointed as Regional Director for South and South-East Asia, Global Union Ventures Ltd. w.e.f. 1st December, 2007. From 1st January 2008, Shri Pathan has been appointed as Chief Mentor (Enterprise Business) in Tata Teleservices Ltd.

Presently, Shri Pathan is Chairman on the Boards of Tata Petrodyne Ltd., Indian Oil Tanking Engineering & Projects Ltd. and Director on the Boards of Uttarakhand Biofuels

Ltd. Tata McGraw Hill Education Pvt. Ltd., Cochin Shipyard Ltd. and Nagarjuna Oil Corporation Ltd.

Shri Pathan is at present Chairman of Remuneration Committee of Cochin Shipyard Ltd. and Member of Audit Committee and Operating Committee of Tata Petrodyne Ltd.

Shri Pathan does not hold any shares of BHEL.

MRS. REVA NAYYAR

Mrs. Reva Nayyar, aged 63 years, was inducted as a Part-time Non-official Director on the Board of BHEL w.e.f. 22nd June, 2009. She is an IAS officer (Retd.) of 1968 batch from Haryana cadre and holds Post Graduate degree in Political science.

Mrs. Nayyar has over 30 years wide experience in Public administration and Human Resource Management with varied exposure to governance at the Center and State level as well as in State Public Sector Undertakings and the Union parliament. She was Secretary to the Government of India, Ministry of Woman & Child Development during 2004-06 and was instrumental in enactment of major policy and legislation pertaining to women and children, such as protection of women from Domestic Violence Act 2005, Commission for protection of Child Rights Act 2005, National Plan of Action for Children 2005. She also served as a Secretary to the Government of India, Department of Development of North Eastern Region during January 2004-June 2004. During this period she had supervised overall development of all the seven States in the North-East and Sikkim and finalised annual allocation for the plan budgets for these States in consultation with Planning Commission. She has also worked as Adviser, Planning Commission, Member-Secretary National Commission for Women, Joint Secretary Deptt. of Revenue, Joint Secretary Lok Sabha, Secretary (Cultural Affairs, Govt. of Haryana).

Mrs. Reva Nayyar successfully managed annual budgets of more than Rs. 5000 Crore at Ministry level in Govt. of India. She had supervised and directed Research projects and programmes in several Departments in the Govt. of India.

At present, Mrs Reva Nayyar is serving as Chairman on the Board of Community Friendly Movement & as Director in Essel Social Welfare Foundation.

Mrs. Reva Nayyar does not hold any shares of BHEL.

FUNCTIONAL DIRECTORS

SHRI ANIL SACHDEV

Shri Anil Sachdev, aged 57 years, has been inducted as Director (HR) w.e.f. 1st September, 2007. He is a Mechanical Engineering Graduate from Jabalpur University and an MBA in Production Management from University of Bhopal.

Prior to assuming charge as Director (HR) in BHEL, Shri Sachdev had 32 years of rich experience in Production which includes 27 years at BHEL, Bhopal and 5 years at BHEL, Haridwar. During his tenure of 27 years in production at Bhopal, he headed Traction Motors Manufacturing Department and Tool & Gauge Manufacturing Department. After having a fast track career in Bhopal, he took over as In-charge of Central Foundry Forge Plant, Haridwar. Shri Sachdev was responsible for the Turnaround of Central Foundry Forge Plant in a short span of two years which was a major breakthrough.

His leadership as Executive Director, Heavy Electrical Equipment Plant, Haridwar, where Turbines & Generators for Power Sector are manufactured, was quite eventful. In 2006-07, Heavy Electrical Equipment Plant, Haridwar recorded an all time high turnover of Rs. 2009 Crore, an increase of 22% over the previous year and also highest ever shop turnover of Rs 1483 Crore. In 2006, under his able guidance, HEEP, Haridwar was the first BHEL Unit to be awarded the CII EXIM Bank Award for Business Excellence.

Shri Sachdev took over the reins of the position of Director(HR)/BHEL at a very crucial juncture when the Company was in the process of gearing up its operations to meet the heavy demands from the Power Sector and increasing competition from new players within the country and abroad. At this stage when the manufacturing capacity was being increased manifolds it was critical to ensure ramping up of manpower with suitable skills. Shri Sachdev has been instrumental in inducting 4000 employees every year, which comprises engineer and supervisor trainees and fresh ITIs. He has introduced re-employment scheme through which a large number of executives have joined us back and the exigency employment scheme for retired employees has helped us to retain the experienced professionals for our project sites.

Besides improving the existing processes and policies to maintain the motivation and morale of the existing workforce, Shri Sachdev has been closely monitoring and reviewing projects of Power Sector and International Operations Division also. He has been visiting project sites, meeting customers and resolving their issues.

Under his leadership, the methodology for implementing Mckinsey report on Organisation Restructuring was finalized and presented to Board of Directors.

Shri Sachdev is also deeply involved in vendor development initiative for large castings and forgings, balance of plant items, turbine blades etc. A number of new vendors have been identified who are promising shorter deliveries and thereby meeting the customer commitments.

Keeping pace with emerging market needs and technological base for BHEL product basket, he revisited the approach for ongoing initiatives so as to align and provide guidance resulting in not only identification of important development projects in forging and casting area but also steered strategic initiative of finalizing the TCA with Siemens AG for steam turbine and generators for new business area of super critical sets meeting the country's demand in power sector.

This approach resulted in unprecedented growth in technological developmental parameters namely R&D expenditure, turnover from in-house commercialization and enhancing the IPR capital of the corporation. In the field of long term multi-disciplinary collaborative research, a strategic partnership was implemented in entering MOU with IIT Madras Research Park.

Shri Sachdev does not hold any shares of BHEL

SHRI B.P. RAO

Shri B.P. Rao, aged 55 years, was inducted as Director (IS&P) w.e.f. 1st September, 2007. He is a Mechanical Engineering Graduate from Jawaharlal Nehru Technological University, Kakinada, Andhra Pradesh and a Post Graduate in Industrial Engineering from NITIE, Mumbai.

Shri Rao has 31 years of diversified, versatile and varied experience through working in Strategic as well as operational areas in all major segments of BHEL. He started his career in BHEL as an Industrial Engineer at Industrial Systems Group in 1978. He initiated the planning function at BHEL, Bangalore, and has been responsible for

conceptualizing approach for organization of Industry Sector and drawing up a Blueprint for Electronics in BHEL. Later, he spearheaded the Diversification initiative at Electronics Division for BHEL's entry into Defence Simulators. He was instrumental in setting up of Electronics Systems Division, the 14th manufacturing unit of BHEL, in addition to Planning & Development activities.

Subsequently he joined the Heavy Power Equipment Plant at Hyderabad as In-charge of manufacturing of Steam Turbines, Gas Turbines and Compressors.

At Corporate Planning & Development, he successfully led two Corporate Plan exercises 'Strategic Plan 2007' and 'Strategic Plan 2012'. He represented India in the Study Group of World Energy Council on their initiative for developing 'Energy Scenarios to 2050'. He has been a Member of CII Capital Goods Committee and has been an active interface with Industry & Government bodies on various policy matters of concern to BHEL. He was also the Company's interface with the investment community for clarifying on Company's position on various strategic matters within the guidelines of SEBI and Company Corporate Governance practices.

Shri Rao is Member - General Assembly, Electrical Construction Company (ECCO), Tripoli, Libya and also Advisor on the Board of Institute of Industrial Management for Safety, Health & Environment, Bhopal (M.P.) India. He has been elected as Vice President of CIGRE, India.

Shri Rao is a Member, CII National Committee on Capital Goods.

Shri Rao is holding 400 equity shares of BHEL.

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. 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 appropriate mix of executives represented by Functional Directors and Non-executive Directors represented by Government Nominees and Independent Directors to maintain the independence of the Board and to separate the Board functions of management and control. The Chairman is an Executive Director. Therefore, 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 31.03.2009, in addition to the vacancy of Chairman and Managing Director, one Functional Director and six casual vacancies of Independent Directors existed on the Board of Directors of the Company. Government of India entrusted additional charge of the post of Chairman and Managing Director to Shri K. Ravi Kumar, Director (Power)/BHEL in addition to his existing duties w.e.f. 1st March, 2008 up to 30th June, 2009 or until further orders, whichever is earlier. The Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry vide its letter number 1(4)/2008-PE-XI dated 1st July 2009 has further conveyed approval of the Competent Authority for extension of services of Shri K. Ravi Kumar, Director (Power), BHEL for three months (i.e., upto 30.09.2009) or till a new CMD is selected, whichever is earlier. Shri K. Ravi Kumar will continue to hold additional charge of the post of Chairman & Managing Director, BHEL. The matter of filling up of vacancies is under process at the end of Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India.

ii. Attendance of each director at the Board Meetings during 2008-09 and the last AGM

Director's Name S/Shri	No. of Board Meetings		Last AGM (held on 17.09.2008)
	Held	Attended	
K. Ravi Kumar Director (Power) and additional charge of Chairman & Managing Director from 1st March, 2008	10	10	Yes
C.S.Verma Director (Finance)	10	10	Yes
Anil Sachdev Director (HR)	10	9	Yes
B.P. Rao Director (IS & P)	10	10	Yes
C.P. Singh Director (E,R& D) (Up to 10.02.2009)	9	8	Yes
Dr. Surajit Mitra Part-time Official Director	10	10	—
B.S. Meena* Part-time Official Director (Up to 09.09.2008)	5	4	—
Dr. Sutanu Behuria* Part-time Official Director (From 07.10.2008)	4	2	—
Sanjay M. Dadlika Part-time Non Official Director (Up to 15.11.2008)	7	6	Yes
Ashok K. Aggarwal Part-time Non Official Director (Up to 15.11.2008)	7	6	Yes
Manish Gupta Part-time Non Official Director (Up to 15.11.2008)	7	6	Yes
Shekhar Datta Part-time Non Official Director (Up to 15.11.2008)	7	5	Yes
Madhukar Part-time Non Official Director	10	9	Yes
S. Ravi Part-time Non Official Director	10	8	Yes

Note: (*) denotes 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 31/03/2009

Director's name S/Shri	Details of Directorships in other Companies	Details of Committee Memberships and Committee Chairmanship
K. Ravi Kumar Director (Power) and additional charge of Chairman & Managing Director from 1st March, 2008	1. Udangudi Power Corporation Limited	-NIL-
C.S.Verma Director (Finance)	1. Udangudi Power Corporation Limited	-NIL-
B.P. Rao Director (IS&P)	1. Electrical Construction Company (ECCO) Tripoli, Libya (Member, General Assembly)	-NIL-
Dr. Surajit Mitra Part-time Official Director	1. Engineering Projects (I) Ltd. (EPI) 2. HMT International Ltd. 3. HMT Ltd. 4. HMT Machine Tools Ltd. 5. Cement Corporation of India Limited (CCI) 6. Hindustan Paper Corporation (HPC)	-NIL-
Dr. Sutanu Behuria Part-time Official Director	1. MMTC Ltd., Delhi 2. National Jute Manufacture Corporation Limited, Kolkata 3. Jute Corporation of India Limited, Kolkata 4. State Trading Corporation, Delhi 5. National Textile Corporation Ltd., Delhi 6. HMT Ltd.	-NIL-
Madhukar Part-time Non-Official Director	1. Kribhco Shyam Fertilizers Ltd. 2. Sahara Prime City Ltd. 3. UV Asset Reconstruction Co. Ltd. 4. RIDCOR Ltd.	Audit Committee: 1. Kribhco Shyam Fertilizers Ltd., (Chairman) 2. Sahara Prime City Ltd. (Member)
S. Ravi Part-time Non-Official Director	1. Hindustan Aeronautics Ltd. 2. Mahindra Ugine Steel Co.Ltd. 3. IDBI Capital Markets Services Ltd. 4. Kudremukh Iron Ore Company Ltd. (KIOCL Ltd) 5. UTI Trustee Company Pvt Ltd. 6. LIC Housing Finance Ltd. 7. S.Ravi Financial Management Services Pvt. Ltd. 8. Corporation Bank 9. Inter-connected Stock Exchange of India Ltd. 10. M/s Ravi Rajan & Co. Pvt. Ltd. 11. Zenotech Laboratories Ltd. 12. IDBI Homefinance Ltd	Audit Committee: 1. Hindustan Aeronautics Ltd. (Member) 2. IDBI Capital Markets Services Ltd. (Chairman) 3. UTI Trustee Company Pvt Ltd. (Member) 4. LIC Housing Finance Ltd. (Chairman) 5. IDBI Homefinance Ltd. (Member) 6. Corporation Bank (Chairman)
		Shareholders' Grievance Committee 1. Mahindra Ugine Steel Co. Ltd. (Member)

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 Chairman and Managing Director, sends notice of each Board meeting in writing 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 at least 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 ten times on the following dates:

(i) April 3rd, 2008	(ii) April 24th, 2008
(iii) May 23rd, 2008	(iv) July 21st, 2008
(v) August 5th, 2008	(vi) September 16th, 2008
(vii) October 24th, 2008	(viii) January 29th, 2009
(ix) February 10th, 2009	(x) March 9th, 2009.

The maximum time gap between any two meetings was not more than three 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 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 and HR Policy 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 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 who 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 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 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 upon 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

- 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:

- 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.
- 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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - 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.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- 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 on 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 and Chairman:

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 27th January, 2009. The Committee comprises of the following directors:

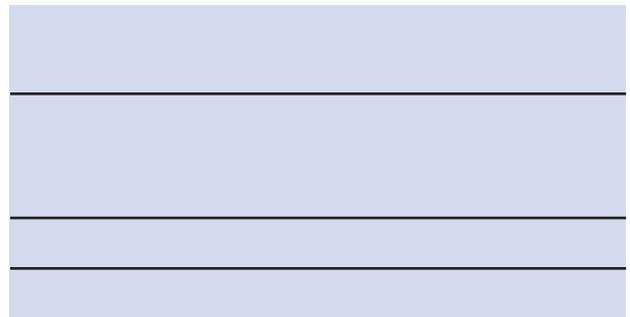
Name of the Director		No. of Meetings held during his tenure	No. of Meetings attended
S/ Shri	Position		
Shekhar Datta (Part-Time Non-Official Director) (Up to 15.11.2008)	Chairman	2	2
Manish Gupta (Part-Time Non-Official Director) (Up to 15.11.2008)	Member	2	2
B.S.Meena (Part-Time Official Director) (Up to 09.09.2008)	Member	1	—
S.Ravi (Part-Time Non-Official Director)	Chairman (From 29.01.2009)	3	2
Dr. Sutanu Behuria (Part-Time Official Director) (From 07.10.2008)	Member	1	1
Madhukar (Part-Time Non-Official Director) (From 27.01.2009)	Member	1	1

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

iii. Meetings & attendance of Audit Committee during 2008-09

The Audit Committee met three times on the 21st July, 2008, 24th October, 2008 and 29th January, 2009 in the previous year 2008-09. One meeting of Audit

Committee convened for 23rd May'08 to consider the annual accounts of last year (2007-08) could not take



v. Details of remuneration of Functional Directors during the year 2008-09 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	935673	574633	0	120000	1630306	Liable to retire by rotation as Director (Power)
2.	C.S. Verma	790657	543383	0	120000	1454040	Liable to retire by rotation
3.	C.P. Singh (Up to 10/02/2009)	800246	726930	0	120000	1647176	(Resigned. Relieved on 10/02/2009)
4.	Anil Sachdev	811009	689397	0	115832	1616238	Liable to retire by rotation
5.	B.P. Rao	878483	486254	0	115417	1480154	Liable to retire by rotation

vi. Details of payments made to Non- Executive Directors during the year 2008-09 are given below: -

(in Rs.)

Name of the Non-Executive Directors S/Shri	Sitting Fees		Total
	Board Meeting	Committee Meeting	
Sanjay M. Dadlika	60,000/-	60,000/-	1,20,000/-
Ashok K. Aggarwal	60,000/-	10,000/-	70,000/-
Manish Gupta	60,000/-	20,000/-	80,000/-
Shekhar Datta	50,000/-	60,000/-	1,10,000/-
Madhukar	90,000/-	80,000/-	1,70,000/-
S. Ravi	80,000/-	20,000/-	1,00,000/-

Independent Directors are entitled for sitting fee @ Rs.10,000/- per meeting of Board or Committee thereof.

vii. Equity Shares held by Directors

Except as stated hereunder, none of the Directors, hold any Equity Shares in BHEL (as on 31st March 2009):

Name of the Director	No. of shares held
Dr. Surajit Mitra (As a Nominee of President of India)	200
Shri B.P.Rao	400

The Company has not issued any stock options during the year 2008-09.

5 Shareholders' Committees

5.1 Share Transfer Committee

The Board constituted a Share Transfer Committee, which comprises the 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 2008-09

The Share Transfer Committee met 27 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 has been set up 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	Position	No. of Meetings held during his tenure	No. of Meetings attended
S/Shri			
Madhukar Part-time Non-official (Independent) Director	Chairman	4	4
Sanjay M. Dadlika Part-time Non-official (Independent) Director (Up to 15.11.2008)	Member	3	3
Ashok K. Aggarwal (Part-Time Non-Official Director) (Up to 15.11.2008)	Member	3	1
Director (HR)	Member	4	4
Director (Finance)	Member	4	4

Shri I.P.Singh, Company Secretary is the Compliance Officer in terms of Clause 47 of the Listing Agreement with the Stock Exchanges.

Meetings during 2008-09

The Committee met four times on 15th May, 2008, 19th August, 2008, 5th November, 2008 and 23rd March, 2009 during the year under review. The detail of the attendance of each member is given in the above table.

Number of shareholders' complaints received so far

As reported by Karvy Computershare Private Limited (RTA) to SEBI; 636 complaints were received from shareholders during the year under review and all of which were redressed up to March 31, 2009. 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 details of names of members and Chairman of the HR Committee are as under:

Name of the Director	Position
Shri Shekhar Datta (Part-Time Non-Official Director) (Up to 15.11.2008)	Chairman
Dr. Surajit Mitra Part-time Official Director	Member
Director (HR)	Member
Director (E, R&D) (Up to 10.02.2009)	Member

The 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 Merger & Acquisitions Committee are as under:

Name of the Director	Position	No. of Meetings held during his tenure	No. of Meetings attended
Dr. Surajit Mitra Additional Secretary/Dept. of Heavy Industry on BHEL Board	Chairman	4	4
Shri Shekhar Datta (Part-Time Non-Official Director) (Up to 15.11.2008)	Member	4	4
Director (IS & P)	Member	4	4
Director (Finance)	Member	4	4
Director (E,R&D) (Up to 10.02.2009)	Member	4	3

Executive Director (P&D) / Head of P&D are the permanent invitees. The Company Secretary of the Company provides secretarial support to the Committee.

Meetings and Attendance

The Committee met four times on 24th April, 2008, 22nd July, 2008, 4th August, 2008 and 24th October, 2008 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 the year	No. of Meetings attended
Sanjay M. Dadlika Part-time Non-official Director (Up to 15.11.2008)	Chairman	3	3
Madhukar Part-time Non-official Director	Member	3	3
Director (Power)	Member	3	2
Director(IS & P)	Member	3	2
Director (E, R&D) (Up to 10.02.2009)	Member	3	3

Additional Secretary /Dept. 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. The Company Secretary of the Company shall act as Secretary to the Committee.

Meetings and Attendance

The Committee met three times on 15th April, 2008, 8th July, 2008 and 2nd September, 2008 during the year under review. The details of the attendance of each member is given in the above table.

9. General Meetings

i. Location and time of last three AGMs:

Year	Location	Date	Time
FY 2005- 06 (42nd AGM)	FICCI Auditorium, Barakhamba Road (Tansen Marg) New Delhi-110 001	15th September,2006	10.00 a.m.
FY 2006- 07 (43rd AGM)	-do-	17th September,2007	10.00 a.m.
FY 2007- 08 (44th AGM)	-do-	17th September,2008	10.00 a.m.

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

The Company passed a special resolution in the 42nd AGM held on 15.09.2006, for the amendment of Articles of Association of the Company.

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.

10. 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. 17 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 {refer Part 3 (iii) above}. 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. Further improvement suggested by consultants, if any, will also be incorporated.

vi. Auditor's certificate on Corporate Governance

Auditor's certificate on Corporate Governance is enclosed.

11 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 Indian Express (English) and Navbharat Times 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 is also posted on the SEBI EDIFAR (Electronic Data Information Filing and Retrieval) website - www.sebidifar.nic.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.

12. General Shareholder Information

i. AGM (Date, Time and Venue)

	Date	Time/Venue
	17th September, 2009	10.00 AM FICCI Auditorium, Barakhamba Road, (Tansen Marg), New Delhi-110 001
ii. Financial year	—	1st April 2008 to 31st March 2009
iii. Dates of Book Closure	—	3rd September, 2009 to 17th September, 2009 (Both days inclusive)
iv. Dividend payment date	—	On or before 16th October 2009.

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 31.03.2009 are summarized as under:

Year	Rate of Dividend	No. of Shares	Total Amount of Dividend Paid (Rs.)	Date of AGM in which Dividend was declared	Unclaimed Dividend as on 31.03.2009 (Rs.)	Proposed date for transfer to IEPF
1999-2000 (Interim)	15%	244760000	367140000	19.05.2000*	Already transferred to Investor Education & Protection Fund	
1999-2000 (Final)	15%	244760000	367140000	29.09.2000	Already transferred to Investor Education & Protection Fund	
2000-2001	30%	244760000	734280000	28.09.2001	Already transferred to Investor Education & Protection Fund	
2001-2002	40%	244760000	979040000	30.09.2002	622887	28.10.2009
2002-2003	40%	244760000	979040000	30.09.2003	478612	28.10.2010
2003-2004 (Interim)	30%	244760000	734280000	01.03.2004*	275925	29.03.2011
2003-2004 (Final)	30%	244760000	734280000	28.09.2004	224253	26.10.2011
2004-2005 (Interim)	35%	244760000	856660000	10.12.2004*	273080	07.01.2012
2004-2005 (Final)	45%	244760000	1101420000	29.09.2005	345932	27.10.2012
2005- 2006 (Interim)	40%	244760000	979040000	07.12.2005*	276036	04.01.2013
2005- 2006 (Spl. Interim)	85%	244760000	2080460000	07.03.2006*	537727	04.04.2013
2005-2006 (Final)	20%	244760000	489520000	15.09.2006	167372	13.10.2013
2006-2007 (Interim)	125%	244760000	3059500000	25.01.2007*	906881	22.02.2014
2006-2007 (Final)	60%	489520000	2937120000	17.09.2007	1075710	15.10.2014
2007-2008 (Interim)	90%	489520000	4405680000	25.01.2008*	1789092	22.02.2015
2007-2008 (Final)	62.5%	489520000	3059500000	17.09.2008	1891361	15.10.2015
2008-2009 (Interim)	90%	489520000	4405680000	29.01.2009*	4279356	26.02.2016

* 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 2008-09 has been paid:

Name of the Stock Exchange	Stock Code
1. Bombay Stock Exchange Limited 1st Floor, New Trading Ring, Rotunda Building, P J Towers Dalal Street Fort 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 Nov., 2004. Approval for delisting from Calcutta Stock Exchange Association Limited is still awaited. However, as BHEL had obtained "in-principle approval from Calcutta Stock Exchange Association Limited for delisting of Equity shares of BHEL on 15th June 2007", BHEL has neither paid listing fees for 2008-09 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 01.04.2005.

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:-

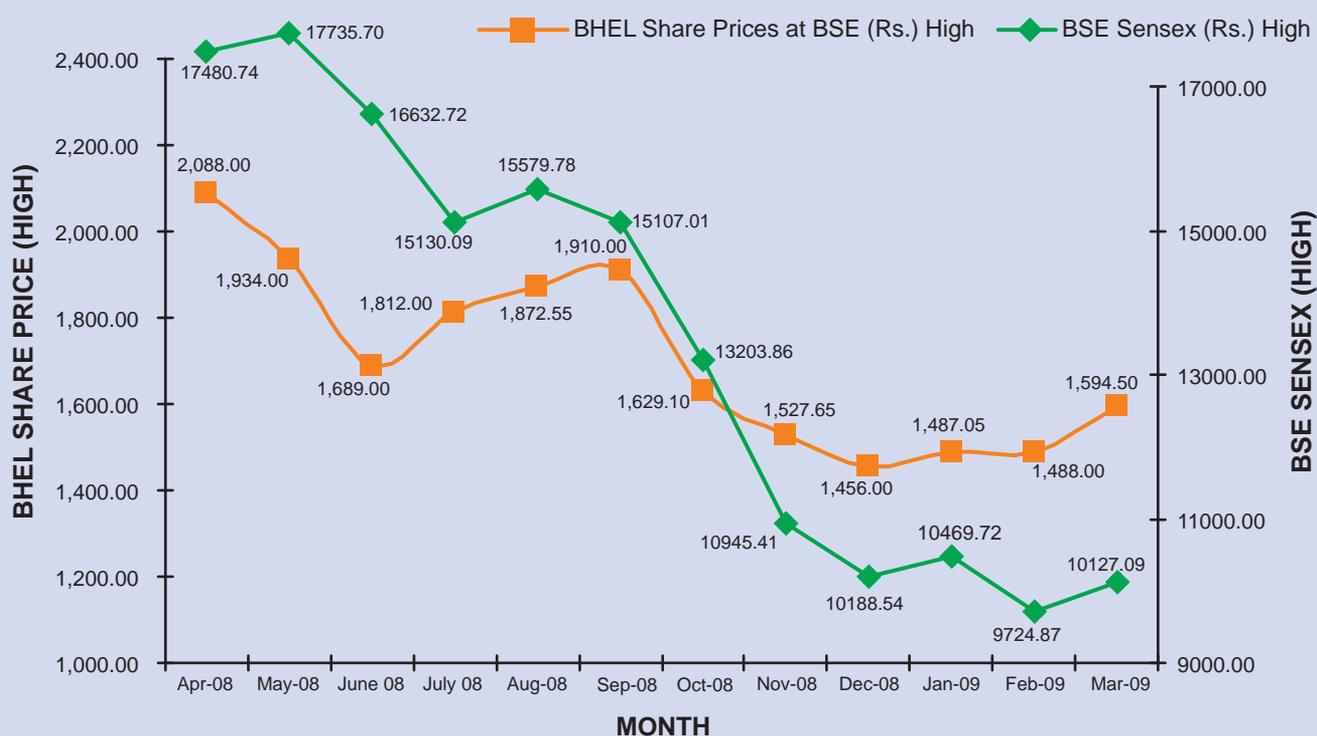
BHEL Vs. BSE Sensex

High and low of BHEL market share price on the **Bombay Stock Exchange (BSE)** vis-à-vis BSE Sensex, No. of shares traded and Net turnover, during each month in last financial year ended March 31, 2009 are summarized as under:

Month	BHEL Share Prices at BSE (Rs.)		BSE Sensex (Rs.)		No. of shares traded	Net turnover (Rs. in Lakhs)
	High	Low	High	Low		
Apr-08	2,088.00	1,570.90	17480.74	15297.96	11437758	201736.32
May-08	1,934.00	1,581.25	17735.70	16196.02	5128590	89003.01
June 08	1,689.00	1,325.25	16632.72	13405.54	10723607	156668.82
July 08	1,812.00	1,340.00	15130.09	12514.02	10803274	168371.31
Aug-08	1,872.55	1,610.00	15579.78	14002.43	7978823	138939.07
Sep-08	1,910.00	1,430.00	15107.01	12153.55	11216545	186463.94
Oct-08	1,629.10	984.10	13203.86	7697.39	12253008	157168.23
Nov-08	1,527.65	1,160.00	10945.41	8316.39	10673945	141722.65
Dec-08	1,456.00	1,212.10	10188.54	8467.43	11194666	151852.96
Jan-09	1,487.05	1,250.00	10469.72	8631.60	6452522	89293.71
Feb-09	1,488.00	1,296.60	9724.87	8619.22	5147031	71257.49
Mar-09	1,594.50	1,251.00	10127.09	8047.17	6545030	92810.50

*Source:www.bseindia.com

PERFORMANCE OF BHEL SHARE PRICE - BSE (HIGH) VS BSE SENSEX (HIGH) DURING 2008-09



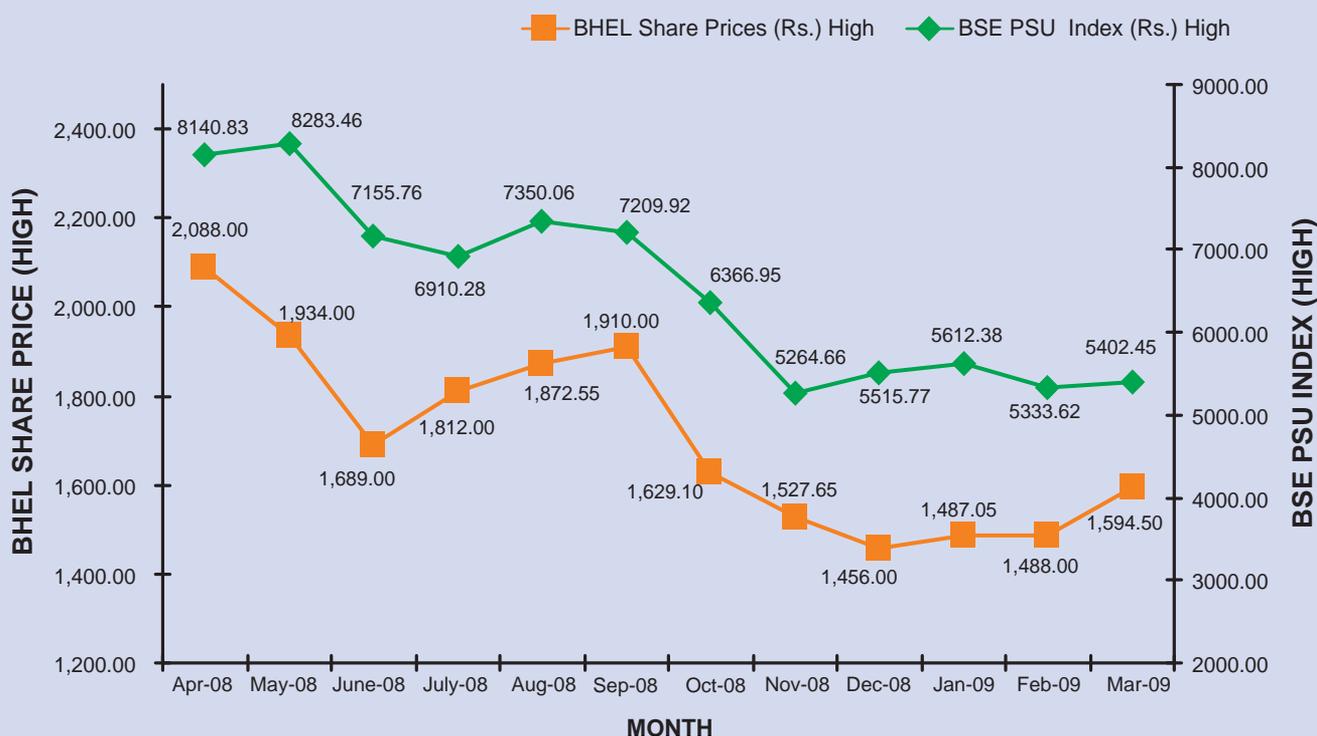
BHEL Vs. BSE PSU Index

High and low of BHEL market share price on the **Bombay Stock Exchange Limited (BSE)** vis-a-vis BSE PSU Index, during each month in last financial year ended March 31, 2009 are summarized as under:

Month	BHEL Share Prices at BSE (Rs.)		BSE PSU Index	
	High	Low	High	Low
Apr-08	2,088.00	1,570.90	8140.83	7154.31
May-08	1,934.00	1,581.25	8283.46	7049.68
June-08	1,689.00	1,325.25	7155.76	5640.49
July-08	1,812.00	1,340.00	6910.28	5354.95
Aug-08	1,872.55	1,610.00	7350.06	6491.22
Sep-08	1,910.00	1,430.00	7209.92	5917.25
Oct-08	1,629.10	984.10	6366.95	3853.28
Nov-08	1,527.65	1,160.00	5264.66	4246.42
Dec-08	1,456.00	1,212.10	5515.77	4315.80
Jan-09	1,487.05	1,250.00	5612.38	4850.35
Feb-09	1,488.00	1,296.60	5333.62	4869.38
Mar-09	1,594.50	1,251.00	5402.45	4656.74

*Source: www.bseindia.com

PERFORMANCE OF BHEL SHARE PRICE - BSE (HIGH) vs BSE PSU INDEX (HIGH) DURING 2008-09



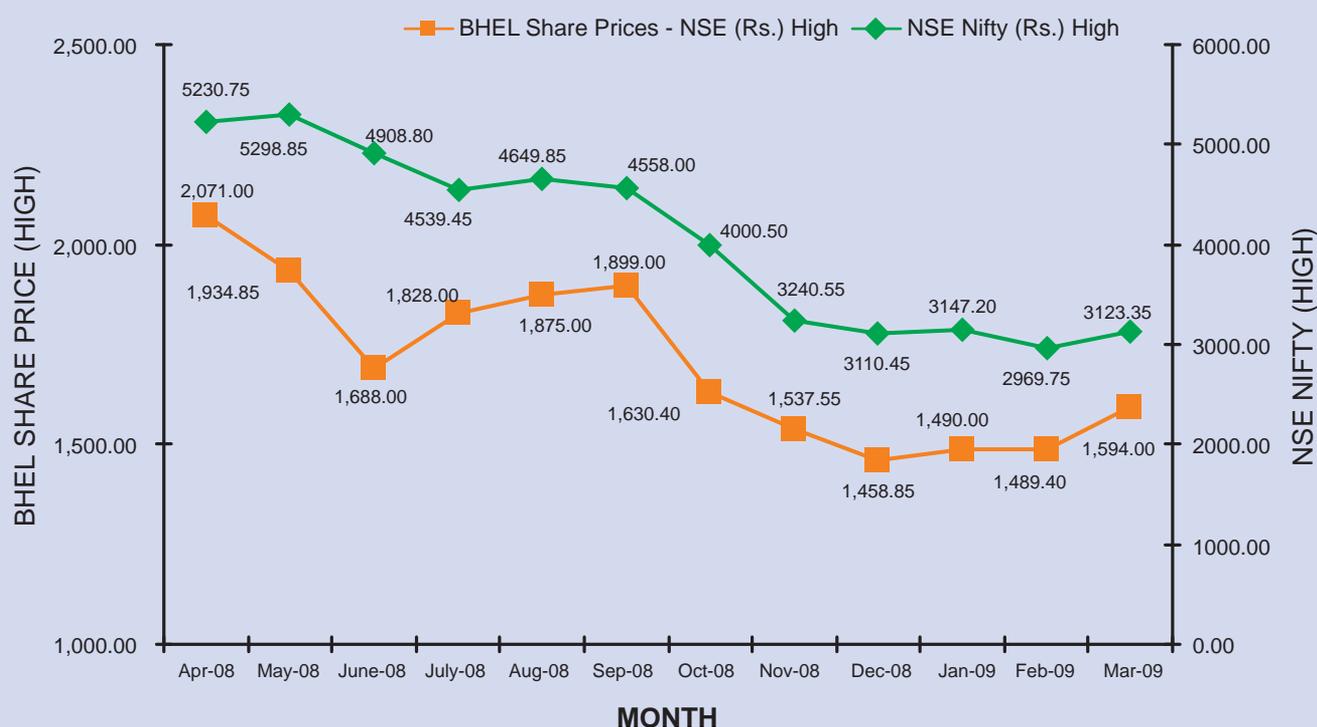
BHEL Vs. S&P CNX Nifty

High and low of BHEL market share price on the **National Stock Exchange of India Limited (NSE)** vis-a-vis S&P CNX Nifty, No. of shares traded and Net turnover, during each month in last financial year ended March 31, 2009 are summarized as under:

Month	BHEL Share Prices (Rs.)		NSE Nifty		No. of shares traded	Net turnover (Rs. in Lakhs)
	High	Low	High	Low		
Apr-08	2,071.00	1,568.00	5230.75	4628.75	42931140	761536.75
May-08	1,934.85	1,580.40	5298.85	4801.90	22727741	394876.26
June-08	1,688.00	1,327.25	4908.80	4021.70	37808156	550990.30
July-08	1,828.00	1,340.20	4539.45	3790.20	40562855	636912.13
Aug-08	1,875.00	1,610.00	4649.85	4201.85	28685107	501223.59
Sep-08	1,899.00	1,442.00	4558.00	3715.05	38540874	638477.03
Oct-08	1,630.40	981.00	4000.50	2252.05	49959334	641950.63
Nov-08	1,537.55	1,155.00	3240.55	2502.90	39265605	522505.31
Dec-08	1,458.85	1,213.00	3110.45	2570.70	34176395	463384.96
Jan-09	1,490.00	1,285.00	3147.20	2661.65	25898036	358050.41
Feb-09	1,489.40	1,296.00	2969.75	2677.55	21144818	293287.25
Mar-09	1,594.00	1,252.60	3123.35	2539.45	32310499	460199.38

*Source: www.nseindia.com

Performance of Bhel Share Price - NSE (High) vs S&P CNX Nifty (High) During 2008-09



ix. Policy on Insider Trading

BHEL endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. For this purpose and in line with 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, Designated Employees and other concerned persons) 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. A copy of the said code has been placed on the company's website `www.bhel.com`.

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 / 09

Fax: 011-23730743

Hyderabad Address

UNIT: BHEL

17-24, Vittal Rao Nagar, Madhapur,

Hyderabad – 500 081

Tel.: 040-23420815-828

Fax : 040-23420814

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

Entire Share Transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system 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.

xii. Distribution of Shareholding

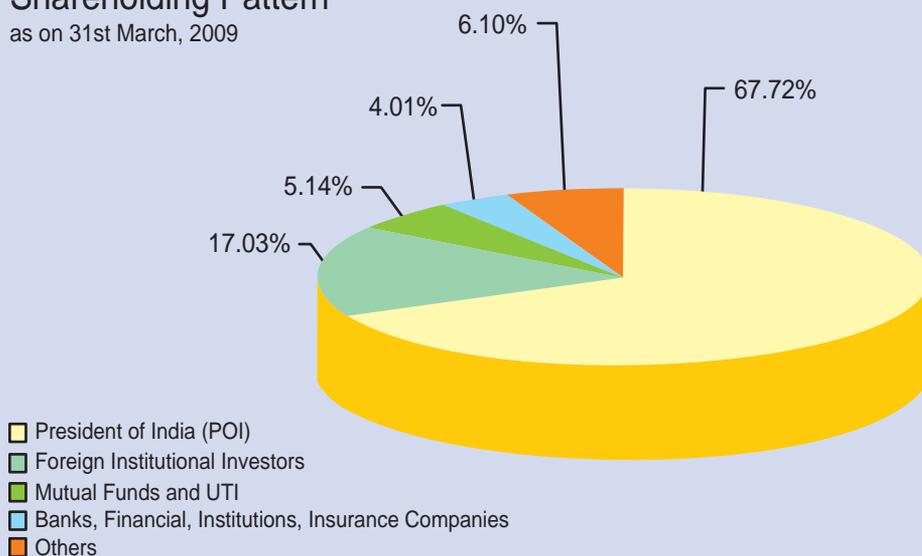
(i) Distribution of shares according to size of holding as on 31st March 2009

No. of equity shares held	No. of Shareholders	% of shareholders	No. of shares	% of shareholding
1 – 500	260259	98.80	8116704	1.66
501 - 1000	1329	0.50	1008913	0.21
1001 - 2000	593	0.22	884459	0.18
2001 - 3000	151	0.06	382049	0.08
3001 - 4000	102	0.04	361689	0.07
4001 - 5000	67	0.02	310588	0.06
5001 - 10000	200	0.08	1486328	0.30
10001 & Above	731	0.28	476969270	97.44
Total :	263432	100.00%	489520000	100.00%

(i) Shareholding Pattern as on 31st March 2009

Category	2009		2008	
	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	400	0	400
Total Promoter holding	67.72	331510400	67.72	331510400
Non-promoters Holding				
Institutional Investors				
Mutual Funds and UTI	5.14	25168090	5.57	27251932
Banks, Financial Institutions, Insurance Companies	4.01	19619712	3.04	14841266
Foreign Institutional Investors	17.03	83379194	18.07	88471103
Others				
Directors & Relatives	0	400	0	800
Private Corporate Bodies	3.86	18875727	3.41	16677059
Indian Public	1.97	9604223	2.04	9982157
Foreign Nationals	0.00	1250	0.00	1000
NRIs/OCBs	0.12	609975	0.12	575976
Trust	0.00	13657	0.00	18411
Shares in Transit (NSDL/CDSL)	0.15	737372	0.04	189896
Total Non-promoter holding	32.28	158009600	32.28	158009600
Grand Total	100.00	489520000	100.00	489520000

Shareholding Pattern
as on 31st March, 2009



(iii) List of shareholders who are holding more than 1% of the shares of the Company as on 31st March, 2009

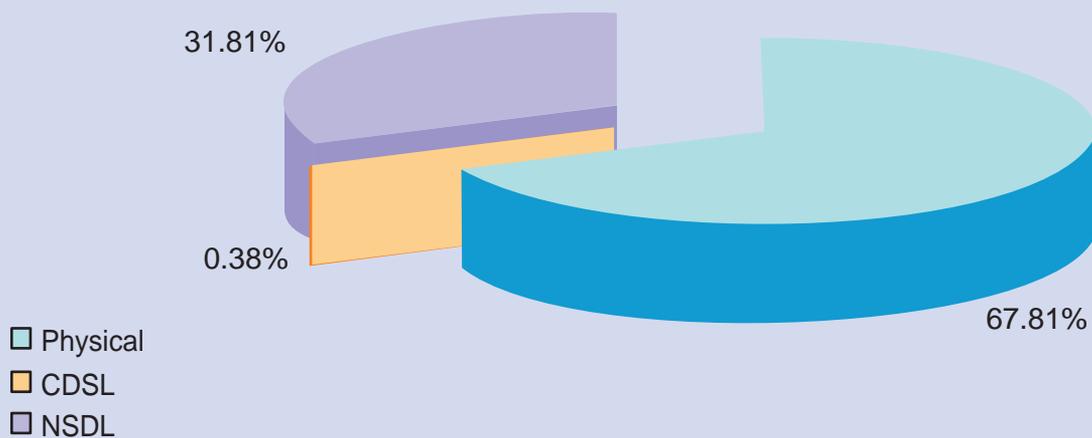
Category & Shareholder's Name	2009		2008	
	Voting strength (%)	No. of shares held	Voting strength (%)	No. of shares held
Promoters				
1. President of India	67.72	331510400	67.72	331510400
Non-promoters				
1. Life Insurance Corporation of India	5.02	24566152	3.07	15017067
2. ICICI Prudential Life Insurance Co. Ltd.	1.64	8046925	1.45	7122087

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, 2009, 32.19% 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 INE 257 A01018.

Shares held by Depositories

as on 31st March, 2009



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
4. Heavy Electrical Plant
5. Industrial Valves Plant
6. Heavy Electrical Equipment Plant
7. Central Foundry Forge Plant
8. Heavy Power Equipment Plant
9. Insulator Plant
10. Transformer Plant
11. Component Fabrication Plant
12. Boiler Auxiliaries Plant
13. High Pressure Boiler Plant
14. Seamless Steel Tube Plant

Bhopal

Goindwal

Haridwar

Hyderabad

Jagdishpur

Jhansi

Rudrapur

Ranipet

Tiruchirappalli

BHEL Repair Units

Mumbai

Varanasi

1. Electrical Machine Repair Plant
2. Heavy Equipment Repair Plant

BHEL Subsidiary

Visakhapatnam

1. Bharat Heavy Plate and Vessels Ltd.

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

Phone : 91 11 66337501
Fax : 91 11 66337533
Email : inder@bhel.in

OR

KARVY COMPUTERSHARE PVT. LTD.

UNIT: BHEL

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

Phone : 011-23324401 / 09
Fax : 011-23730743

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

Phone : 040-23420815-828
Fax : 040-23420814
Email : mailmanager@karvy.com
madhusudhan@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 2008-09.

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



K. RAVI KUMAR
CHAIRMAN & MANAGING DIRECTOR

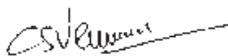
Place : New Delhi
Dated : July 22, 2009

CEO and CFO Certification

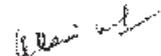
To,

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, 2009 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 2008-09 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 2008-09;
 - (ii) significant changes in accounting policies during the year 2008-09 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)



(K. Ravi Kumar)
Chairman & Managing Director

Place : New Delhi
Date : 27.05.2009

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 2009 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 49.1(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.

Regarding compliance of Clause 49.II(B) with regard to Audit Committee meetings, refer point 3 (iii) of Corporate Governance Report given in the Directors' Report.

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

A handwritten signature in black ink, appearing to read "Navin Bansal", is written over a horizontal line.

(Navin Bansal)

Partner

M. No. 91922

Place : New Delhi
Dated : 29.07.2009

Conservation of Energy

The following Energy Saving Systems, utilizing efficient technologies, were undertaken by units:

1. Installation of Turbo Wind ventilators in Production shop
2. Use of renewable sources of energy such as solar water heating system & solar street lighting
3. Installation of Energy savers for welding rectifiers
4. Replacement of old motors with energy efficient motors
5. Replacement of old energy inefficient transformers with energy efficient transformers
6. Measures taken to use VFDs in place of AC motors when procuring new machines
7. Installation of Energy Management System
8. Installation of automatic power factor controller for inductive loads
9. Installation of power savers to lighting feeders

Energy conservation is an important thrust area in BHEL. Energy Cost as a percentage of Gross Turnover, net of excise, for the year is 1.23% as against 1.38% in the previous year.

Various thrust areas for conservation of energy are as follows:

- a) Load planning for reduction in maximum demand of power
- b) Maximizing use of daylight through transparent sheet on roof/ wall of production building
- c) Avoiding idle running of equipment/ machine
- d) Optimum utilization of furnaces
- e) Waste Heat Recovery System on Furnace
- f) Arresting leakage in compressed air, steam piping and electrical system
- g) Control of excess air in boilers
- h) Use of alternate fuel
- i) Use of variable frequency drives for fans and blowers
- j) Introduction of low thermal mass refractory and kiln furniture
- k) Replacement of conventional lighting system with energy efficient lamps, such as replacement of incandescent bulbs with compact fluorescent lamps (CFL); replacement of tube light with T5 lamps; replacement of HPMV with Metal Halide lamps; replacement of ordinary chokes by electronic chokes in 40 watts TL fittings etc.

To accord due emphasis to Energy Conservation, following activities were performed:

- A. Energy Conservation (ENCON) awareness week was celebrated all over the company from 14-21 December, 2008.
- B. A 2-day inter-unit meet on Energy Conservation (ENCON) & CDM (Clean Development Mechanism) Projects at Bhopal was jointly organized by Bhopal unit & Corporate Productivity Group. The theme of the meet was “Leveraging Energy Efficiency for Improving Organizational Competitiveness”. “Corporate Energy Management” website (URL address <http://10.23.30.241/cpg/cpg-cem.htm>) was launched by Director (HR). The website is being used for awareness generation on ENCON and sharing best practices in Energy Conservation amongst units.
- C. A booklet titled “Guidelines on Energy Conservation” was released by CMD.
- D. The Energy Management Policy has been modified to make it concurrent with the present day concerns of the company. The new “Energy Management Policy” was released by CMD. A 3-tier Energy Management organisation structure has been created at company-level, unit-level & product-level.

Technology Absorption and Research & Development

Research & Development

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

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

- 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
- More efficient conventional thermal power plants using supercritical parameters
- 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
- 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
- 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
- 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. 690.01 crore
a) Recurring	Rs. 677.27 crore
b) Capital	Rs. 12.74 crore
Expenditure as a percentage of total turnover	2.46%

Technology Absorption and Adoption

Details of technology imported during the last 5 years:

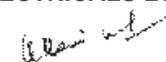
Technology	Year of import	Absorption status
Once through boilers	2005	Technology absorption in progress.
Pumps for higher rating thermal power plants	2007	Technology absorption in progress.

Foreign Exchange Earnings and Outgoings

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

	2008-09	2007-08
(i) Foreign Exchange Used	6043	3604
(ii) Foreign Exchange Earned	5025	2486

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



K. RAVI KUMAR
 CHAIRMAN & MANAGING DIRECTOR

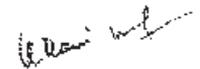
Place : New Delhi
 Dated : July 22, 2009

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	31st March 2009
2 Date from which they became subsidiary	10th May 2008
3 Share of the Subsidiary held by the Company as on 31st March 2009	
a) Number & Face Value	337978 Equity Shares of Rs. 1000/- 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 with in the holding Company's Accounts	
i) For the Financial Year ended March 31, 2009	-44
ii) Up to the previous financial years of the Subsidiary Company	N.A.
b) Dealt with in the holding Company's accounts	
i) For the Financial Year Ended March 31, 2009	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 per terms set out in GOI, Ministry of Heavy Industries & Public Enterprises, Department 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.



K. RAVI KUMAR
CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi
Dated : July 22, 2009

AUDITORS' REPORT

TO THE MEMBERS OF BHARAT HEAVY ELECTRICALS LIMITED

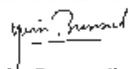
We have audited the attached Balance Sheet of Bharat Heavy Electricals Limited as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility 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, 2009; 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 M.L. Puri & Co.
Chartered Accountants


(Navin Bansal)

Partner

M. No. 091922

Date: May 27, 2009

Place: New Delhi

Annexure to the Auditors' Report

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

MANAGEMENT'S REPLIES

- 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 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) According to the information and explanation given to us, in our opinion, the Internal Audit System of the Company is largely 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, 2009 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	31.66	Assessing Officer
			108.31	Commissioner/ Dy. Commissioner
			25.25	Appellate Tribunal
			86.54	High Court/ Supreme court
			3.07	Various Appellate Authorities

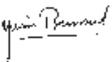
Sl. No.	Name of the Statute	Nature of the Dues	Amount (Rs. In Crore)	Forum where dispute is pending
2	Income Tax Act, 1961	Income Tax	16.57	Commissioner/ Dy. Commissioner
			9.92	Appellate Tribunal
			2.07	High Court
3	Central Excise Act, 1944	Excise Duty	31.41	Commissioner (Appeals)
			132.64	Appellate Tribunal
4	Service Tax under the Finance Act, 1994	Service Tax	7.13	Commissioner (Appeals)
			63.10	Appellate Tribunal
5	Custom Act, 1962	Custom Duty	0.15	Commissioner (Appeals)
Total			517.82	

- x) The company has no accumulated losses as at March 31, 2009 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 **except in case of HPEP – Hyderabad where a fraud / irregularity in respect of one of the stores has been noticed. As the documents such as material issue vouchers and material requisition slips etc., were manipulated and some documents such as bin cards, stores issue vouchers were destroyed, to ascertain the impact of fraud/misappropriation on the unit, the matter needs more detailed investigation. As per the information made available to us, the quantum of fraud / misappropriation in respect of stores may be approximately Rs. 6 Crore. The amount to the extent of fraud has been booked in the consumption during earlier years as such has no bearing in the current year's consumption. According to the explanations given to us by the management, appropriate action has been taken by the company in this regard.**

Company has taken appropriate action in this regard.

For M. L. Puri & Co.
Chartered Accountants


(Navin Bansal)

Date : May 27, 2009
Place : New Delhi

Partner
M.No. 091922



गोपनीय
स./No आर.ए.पी./बी.एच.ई.एल./अकाउंट्स/21-7/2008-09/478

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 121 JUL 2009

सेवा में,

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

विषय: 31 मार्च 2009 को समाप्त वर्ष हेतु भारत हैवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली, के वार्षिक लेखों पर कंपनी अधिनियम, 1956, की धारा 619(4) के अंतर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं भारत हैवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली, के वर्ष 2008-09 की समाप्ति हेतु कंपनी अधिनियम 1956 की धारा 619(4) के अधीन लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अत्रिषित करती हूँ। कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीया,

संलग्न: यथोपरि।

गजाला मीनाई
(गजाला मीनाई)
प्रधान निदेशक

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 31 March 2009.

The preparation of financial statements of Bharat Heavy Electricals Limited, New Delhi, for the year ended 31 March 2009 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 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 27 May 2009.

I, on 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 Electricals Limited, New Delhi, for the year ended 31 March 2009. This 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 supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

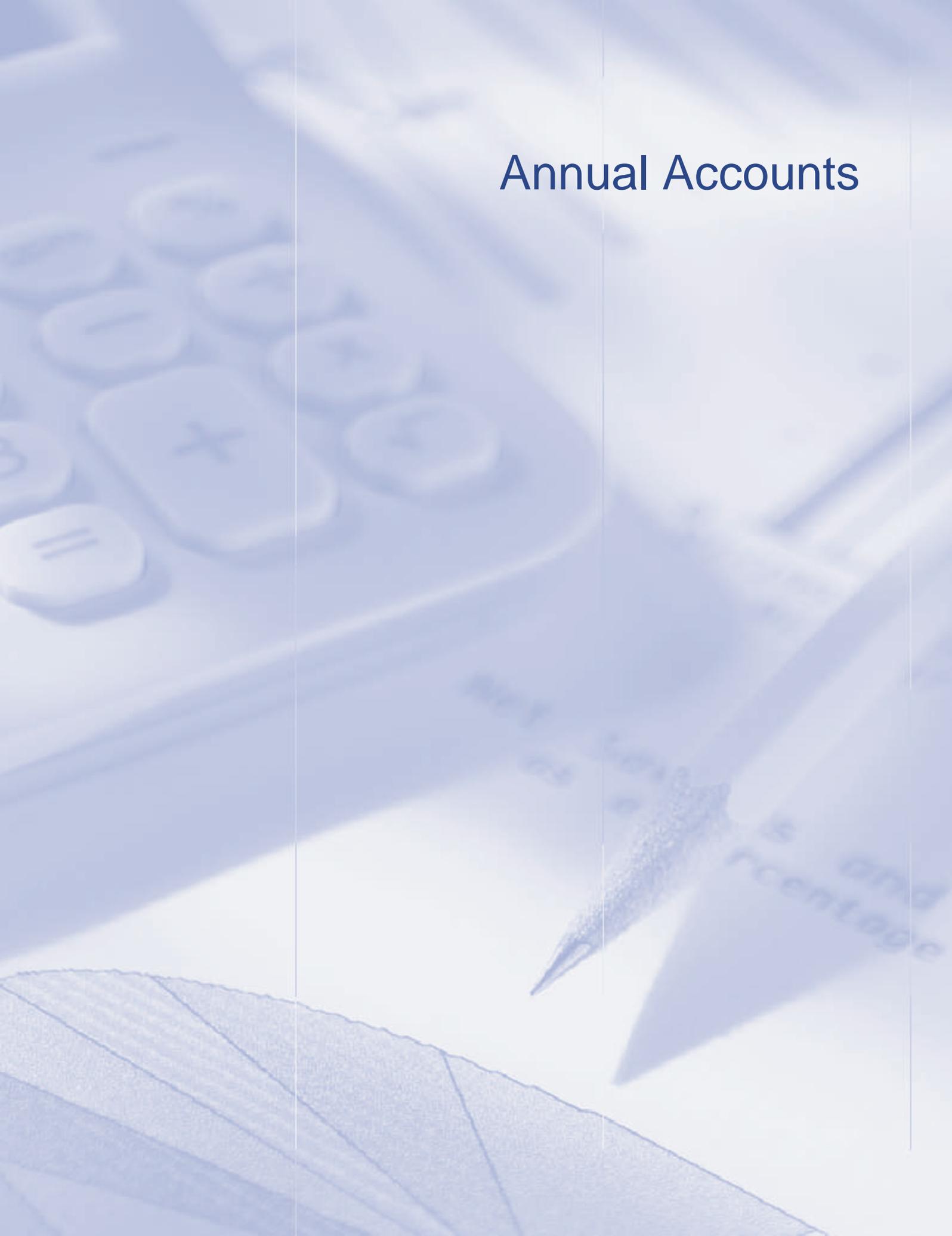
For and on behalf of the
Comptroller & Auditor General of India

A handwritten signature in black ink, appearing to read 'Ghazala Meenai', is positioned above the printed name.

(Ghazala Meenai)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-III,
New Delhi

Place : New Delhi
Dated : 21 July 2009

Annual Accounts



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.

- 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 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 incurrence

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.

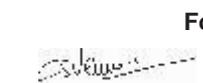
Balance Sheet as at March 31, 2009

(Rs. in Crore)

	Schedule	AS AT 31.3.2009		AS AT 31.3.2008	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	489.52		489.52	
Reserves & Surplus	2	<u>12449.29</u>	<u>12938.81</u>	<u>10284.69</u>	<u>10774.21</u>
Loan Funds					
Secured Loans	3	0.00		0.00	
Unsecured Loans	4	<u>149.37</u>	<u>149.37</u>	<u>95.18</u>	<u>95.18</u>
			<u>13088.18</u>		<u>10869.39</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	5224.87		4443.47	
Less: Depreciation/Amortisation to-date		<u>3713.25</u>		<u>3403.08</u>	
		1511.62		1040.39	
Less : Lease Adjustment Account		<u>41.22</u>		<u>59.13</u>	
Net Block		1470.40		981.26	
Capital Work-in-Progress	6	<u>1156.97</u>	<u>2627.37</u>	<u>658.03</u>	<u>1639.29</u>
Investments	7		<u>52.34</u>		<u>8.29</u>
Deferred Tax Assets Net (Refer note no. 20 of Schedule 19)			<u>1840.30</u>		<u>1337.93</u>
Current Assets, Loans and Advances					
Current Assets	8				
Inventories		7837.02		5736.40	
Sundry Debtors		15975.50		11974.87	
Cash & Bank Balances		10314.67		8386.02	
Other current assets		350.21		421.09	
Loans and advances	9	<u>2423.67</u>		<u>1387.80</u>	
		<u>36901.07</u>		<u>27906.18</u>	
Less:					
Current Liabilities & Provisions					
Current Liabilities	10	23357.32		16576.45	
Provisions	11	<u>4975.58</u>		<u>3445.85</u>	
		<u>28332.90</u>		<u>20022.30</u>	
Net current assets			<u>8568.17</u>		<u>7883.88</u>
			<u>13088.18</u>		<u>10869.39</u>
Notes to Accounts	19				

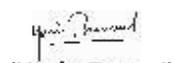
Schedules 1 to 11, 19 & Significant accounting policies form an integral part of the Balance Sheet.


(I. P. Singh)
Secretary


(C. S. Verma)
Director (Finance)


(K. Ravi Kumar)
Chairman and Managing Director

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


(Navin Bansal)
Partner
M.No. 91922

Place : New Delhi
Date : May 27, 2009

Profit & Loss Account for the year ended 31st March 2009

(Rs. In Crore)

	Schedule	For the year ended 31.03.2009	For the year ended 31.03.2008
EARNINGS			
Turnover (Gross)	12	28033.19	21401.01
Less: Excise duty & Service Tax		1820.86	2096.37
Turnover (Net)		26212.33	19304.64
Other income	12A	1497.36	1444.76
Accretion/Decretion to Work-in-progress & Finished Goods	13	1151.54	827.26
		28861.23	21576.66
OUTGOINGS			
Consumption of Material, Erection and Engineering Expenses			
Expenses	14	17620.05	11820.87
Employees' remuneration & benefits	15	2983.68	2607.69
Other expenses of Manufacture, Administration, Selling and Distribution	16	1835.77	1644.23
Provisions (net)	17	1280.97	778.25
Interest & other borrowing costs	18	30.71	35.42
Depreciation and amortisation	5	334.27	297.21
Less: Cost of jobs done for internal use		61.18	38.32
		24024.27	17145.35
Profit before prior period items		4836.96	4431.31
Add/(Less): Prior period items (Net)	18A	11.89	-0.92
Profit before tax		4848.85	4430.39
Less: Provision for taxation			
For Current Year			
- Current Tax		2250.17	1934.95
(incl. wealth tax Rs. 0.17 crore (Previous year Rs.0.07 crore))			
- Fringe Benefit Tax		40.00	27.10
- Deferred Tax		-502.37	-402.77
		1787.80	1559.28
For earlier years			
- Tax (includes Income Tax abroad Rs. 8.48 crore)		-77.72	11.77
- Fringe Benefit Tax		0.56	0.00
		1710.64	1571.05
Profit after tax		3138.21	2859.34
Add: Balance of profit brought forward from last year		429.69	442.72
Foreign Project Reserves written back		1.17	1.02
Profit available for appropriation		3569.07	3303.08
Less: Appropriation-			
- General Reserve		2000.00	2000.00
- Dividend (incl interim dividend of Rs. 440.57 crore, previous year Rs.440.57 crore)		832.18	746.52
- Corporate Dividend tax (incl Rs. 74.87 crore on interim dividend, previous year Rs.74.87 crore)		141.43	126.87
		2973.61	2873.39
Balance carried to Balance Sheet		595.46	429.69
Basic and Diluted Earning per share (in Rs.) (Refer note no.19 of Schedule 19)		64.11	58.41

Notes to Accounts

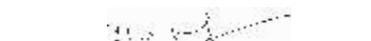
19

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

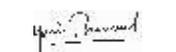
For and on behalf of Board of Directors


(I. P. Singh)
Secretary


(C. S. Verma)
Director (Finance)


(K. Ravi Kumar)
Chairman and Managing Director

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


(Navin Bansal)
Partner
M.No. 91922

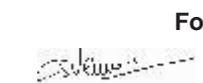
Place : New Delhi
Date : May 27, 2009

Cash Flow Statement for the year ended 31.03.2009

(Rs. In Crore)

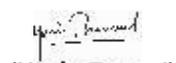
	2008-09	2007-08
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit and Loss Account	4848.85	4430.39
Adjustment for		
Depreciation/Amortisation	334.34	297.24
Lease Equalisation	-17.91	29.87
Profit on sale of Fixed assets	-8.36	-1.72
Interest paid	30.71	35.44
Interest/Dividend Income	-788.08	-903.81
Operating Profit before Working Capital changes	4399.54	3887.41
Adjustment for		
Trade & Other Receivables	-4911.04	-2385.98
Inventories	-2100.62	-1518.73
Trade Payable & Advances	8210.22	5768.50
Cash generated from operations	5598.09	5751.20
Direct Taxes Paid	-2306.89	-2273.30
NET CASH INFLOW FROM OPERATING ACTIVITIES	3291.20	3477.90
B. CASH FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-1355.57	-702.97
Sale and Disposal of Fixed Assets	31.94	5.34
Purchase of Investments (includes Rs. 34 crore to subsidiary co.)	-44.05	0.00
Interest & Dividend Receipts	854.86	685.09
NET CASH USED IN INVESTING ACTIVITIES	512.82	12.54
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	52.57	5.10
Dividend Paid (including tax on dividend)	-872.99	-858.89
Interest paid	-29.33	-34.46
NET CASH USED IN FINANCING ACTIVITIES	849.74	888.25
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	1928.65	2577.11
Opening Balance of Cash and Cash Equivalents	8386.02	5808.91
Closing Balance of Cash and Cash Equivalents	10314.67	8386.02


(I. P. Singh)
Secretary


(C. S. Verma)
Director (Finance)


(K. Ravi Kumar)
Chairman and Managing Director

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


(Navin Bansal)
Partner
M.No. 91922

Place : New Delhi
Date : May 27, 2009

Schedule 1 Share Capital

(Rs. in Crore)

	AS AT 31.3.2009	AS AT 31.3.2008
Authorised		
200,00,00,000 (prev. 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 (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	<u>489.52</u>	<u>489.52</u>
	489.52	489.52

Schedule 2 Reserves & Surplus

(Rs. in Crore)

	AS AT 31.3.2009	AS AT 31.3.2008
Capital Reserve		
Opening Balance	2.74	2.75
Less: Deductions/ Adj	<u>0.00</u> 2.74	<u>0.01</u> 2.74
Foreign Project Reserve		
Opening Balance	2.55	3.57
Less: Deductions/ Adj	<u>1.17</u> 1.38	<u>1.02</u> 2.55
General Reserve		
Opening Balance	9849.71	8094.47
Less: Adjustment of bonus shares	0.00	244.76
Add: Transferred from Profit & Loss Account	<u>2000.00</u> 11849.71	<u>2000.00</u> 9849.71
Profit & Loss Account	<u>595.46</u>	<u>429.69</u>
	12449.29	10284.69

Schedule 3 Secured Loans

(Rs. in Crore)

	AS AT 31.3.2009	AS AT 31.3.2008
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 31.3.2009	AS AT 31.3.2008
UNSECURED LOANS		
- Credits for Assets taken on lease (Due within one year Rs. 43.99 crore (Previous year Rs. 34.46 crore)	143.63	91.06
Interest accrued and due on:		
- State Government Loans	2.33	2.33
- Credits for Assets taken on lease	3.41	1.79
	149.37	95.18

Schedule 5 Fixed Assets

(Rs. in Crore)

Particulars	Gross Block			Cost As at 31.03.2009	Depreciation		Net Block		
	Cost As at 31.03.2008	Additions/ adjustments during the year	Deductions/ adjustments during the year		Lease adjustments Account	Depreciation/ Amortisation upto 31.03.2009	As at 31.03.2009	As at 31.03.2008	Depreciation/ Amortisation for the year
Factory/ Office Complex									
Freehold land (incl. development exp.)	4.22	0.15		4.37			4.37	4.22	
Leasehold land (incl. development exp.)	6.15	0.05		6.20		0.45	5.75	5.72	0.01
Roads, bridges and culverts	7.05	1.39	0.04	8.40		3.02	5.38	4.14	0.14
Buildings	347.67	135.29	2.04	480.92		247.11	233.81	130.02	31.14
Leashold buildings	3.04	0.08		3.12		1.18	1.94	1.94	0.05
Drainage, sewerage and water supply	12.48	1.18	0.07	13.59		9.81	3.78	2.92	0.31
Railway siding	7.91	0.76		8.67		7.64	1.03	0.33	0.07
Locomotives and wagons	16.01	11.44		27.45		15.61	11.84	0.99	0.58
Plant & Machinery	2482.55	360.54	8.91	2834.18		2174.27	659.91	442.89	143.37
Electronic data processing equipments	98.43	22.17	5.26	115.34		103.08	12.26	11.76	4.38
Electrical installations	95.19	20.80	0.13	115.86		72.10	43.76	26.63	3.53
Construction Equipment	250.36	125.54	0.42	375.48		210.04	165.44	72.87	32.95
Vehicles	18.77	0.51	0.73	18.55		15.73	2.82	3.19	0.68
Furniture & fixtures	14.63	4.88	0.02	19.49		6.60	12.89	8.95	0.94
Office & other equipments	74.00	7.85	1.15	80.70		56.27	24.43	20.52	3.66
Fixed assets costing upto Rs.10000/-	55.95	8.01	0.30	63.66		63.66			8.01
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	-41.22	446.25	9.68	31.54	39.77
EDP Equipment taken on lease	146.16	99.31	27.67	217.80		86.32	131.48	71.87	36.99
Office & other equipment taken on lease	1.52	0.38	0.41	1.49		0.44	1.05	1.07	0.20
Intangible Assets									
- Internally developed									
Software									
Others	2.46	2.52		4.98		1.66	3.32	1.89	0.64
- Others									
Software	68.87	20.68	0.54	89.01		65.07	23.94	23.38	18.74
Technical Know-how	22.86			22.86		8.66	14.20	16.29	2.09
Others	8.80			8.80		8.49	0.31	1.66	1.35
	4242.67	823.53	47.69	5018.51	-41.22	3603.90	1373.39	884.79	329.60
Township/ Residential									
Freehold land (incl. development exp.)	2.24		0.15	2.09			2.09	2.24	
Leasehold land (incl. development exp.)	2.04		-0.05	2.09		0.52	1.57	1.54	0.02
Roads, bridges and culverts	5.06	0.04		5.10		2.80	2.30	2.39	0.10
Buildings	127.17	2.81		129.98		56.76	73.22	72.84	2.14
Leasehold buildings	0.41		-0.08	0.49		0.23	0.26	0.16	0.01
Drainage, sewerage and water supply	16.72	0.07		16.79		12.96	3.83	4.21	0.38
Plant and Machinery	10.65	0.83		11.48		8.62	2.86	2.51	0.48
Electrical installations	16.43	0.41		16.84		13.32	3.52	3.52	0.38
Vehicles	1.07			1.07		0.99	0.08	0.11	0.03
Furniture & fixtures	0.43	0.20		0.63		0.14	0.49	0.32	0.04
Office & other equipments	16.53	1.15	0.02	17.66		10.87	6.79	6.63	0.98
Fixed assets costing upto Rs. 10000/-	2.05	0.11	0.02	2.14		2.14			0.11
	200.80	5.62	0.06	206.36		109.35	97.01	96.47	4.67
Total of factory & township	4443.47	829.15	47.75	5224.87	-41.22	3713.25	1470.40	981.26	334.27
Previous year	4135.05	323.27	14.85	4443.47	-59.13	3403.08	981.26	988.74	297.21

Gross Block as at 31.03.2009 includes assets condemned and retired from active use Rs. 30 Crore (Previous year Rs. 30.71 Crore).

Net Block as at 31.03.2009 includes assets condemned and retired from active use Rs. 0.16 Crore (Previous year Rs.0.30 Crore)

Gross Block excludes cost of assets purchased out of grant received from Government of India Rs.30.81 Crore (Previous Year Rs.30.81Crore) for research and assets as executing agency since the property does not vest with the Company.

The Company's contribution or expenditure towards construction, development of assets not owned by the Company 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 31.3.2009	AS AT 31.3.2008
Construction work-in-progress -Civil	359.34	243.03
Construction Stores (including in transit)	11.88	5.63
Plant & Machinery and other equipments		
- Under Erection/ Fabrication/awaiting erection	507.52	283.50
- In transit	276.70	124.07
Intangible Assets under development	1.53	1.80
	1156.97	658.03

Schedule 7 Investments

(Rs. in Crore)

	AS AT 31.3.2009	AS AT 31.3.2008
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 Nil) Equity Shares of Rs. 1000/- each of Bharat Heavy Plate & Vessels Ltd. acquired at a nominal value of Rs. 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
- 50000 (previous year Nil) Equity Shares of Rs. 10/- each of NTPC-BHEL Power Projects Pvt. Ltd.	0.05	0.00
- 50000 (previous year Nil) Equity Shares of Rs. 10/- each of Barak Power Pvt. Ltd.	0.05	0.00
- 5000000 (previous year Nil) Equity Shares of Rs. 10/- each of Udangudi Power Corporation Ltd. (includes 300 shares are in the name of officers of the company)	5.00	0.00
- 2379999 (previous year 2379999) Equity Shares of Rs. 10/- each of BHEL-GE Gas Turbine Services Pvt. Ltd.	2.38	2.38
	7.48	2.38
Advances deposit towards issue of Shares		
To Subsidiary Company (BHPV)	34.00	-
To NTPC-BHEL Power Projects Pvt. Ltd. (JV)	4.95	-
	38.95	-
OTHER THAN TRADE:		
3 (Previous year 3) shares of Rs.100/- each of BHEL House Building Cooperative Society Ltd., Hyderabad	*	*
	52.34	8.29
* Value of less than Rs 1 lakh/-		
Aggregate value of Unquoted Investments	52.34	8.29

Schedule 8 Current Assets

(Rs. in Crore)

	AS AT 31.3.2009	AS AT 31.3.2008
Inventories @		
(As certified by the management)		
Stores & Spare parts		
- Production	140.11	124.70
- Fuel stores	7.77	7.71
- Miscellaneous	17.69	15.02
	<u>165.57</u>	<u>147.43</u>
Raw Material & Components	2608.71	1693.66
Material-in-transit	629.22	643.25
Materials with Fabricators/Contractors	168.84	145.56
Loose Tools	22.79	19.21
Scrap (at estimated realisable value)	37.55	27.49
Finished Goods	519.00	472.98
Inter division transfers in transit	124.59	84.25
Includes		
-Rs. 30.56 crore (previous year Rs. 91.83 crore) Finished Goods in transit.	643.60	557.23
Work-in-progress (including items with sub-contractors)	3612.59	2548.53
	<u>7888.87</u>	<u>5782.36</u>
Less : Provision for non-moving stock	51.85	45.96
@ Valued as per Significant Accounting Policy Number 8	<u>7837.02</u>	<u>5736.40</u>
Sundry Debtors *		
- Debts outstanding for a period exceeding six months	8048.54	6243.99
- Other debts	9104.31	6808.54
	<u>17152.85</u>	<u>13052.53</u>
Less : Provision for Doubtful debts	1099.03	995.50
Less :Automatic Price Reduction Adjustment a/c	78.32	82.16
	<u>15975.50</u>	<u>11974.87</u>
* Includes deferred debts-Rs. 5571.84 crore -(previous year Rs. 3930.78 crore)		
* Includes goods despatched pending billing-Rs. 1011.16 crore -(previous year Rs. 717.86 crore)		
Particulars of Sundry debtors :		
Debts considered good for which the Company holds no security other than the debtors' personal security	15975.50	11974.87
Debts considered doubtful and provided for	1177.35	1077.66
	<u>17152.85</u>	<u>13052.53</u>

Schedule 8 (Contd.) Current Assets

(Rs. in Crore)

			AS AT 31.3.2009	AS AT 31.3.2008
Cash and Bank Balances				
Cash & Stamps in hand			0.97	0.95
Cheques, Demand Drafts in hand			386.42	265.94
Remittances in transit			0.02	56.42
Balances with Scheduled Banks				
Current Account			1534.08	1172.57
Deposit Account			8364.16	6875.00
Balance with non-scheduled Banks				
Current Account				
	Maximum Balance (Rs. in crore) during the year			
	2008-09	2007-08		
- Standard Chartered bank, Libya	0.22	0.09	0.00	0.05
- Bank Muskat, Oman	356.19	125.20	14.91	4.22
- Barclays Bank Ltd, Zambia	0.01	0.01	0.01	0.01
- Bank of commerce, Malaysia	0.31	0.05	0.05	0.31
- CIMB Berhad	0.32	0.02	0.32	0.02
- Indo Jambia Bank, Lusaka	1.18	0.92	0.16	0.79
- Commercial Bank of Ethiopia	3.38	3.04	0.05	3.04
- Bank of Bhutan, Bhutan	0.04	0.08	0.01	0.02
- Jamahouria Bank, Libya	4.34	4.75	0.95	3.61
- National Bank of Egypt	0.13	0.43	0.13	0.10
- Standard Chartered bank, Bangladesh	72.69	3.24	1.02	0.32
- Bank of Khartoum, Sudan	15.47	6.33	11.36	2.65
- Standard Chartered bank, Dubai	0.22	-	0.05	0.00
			<u>10314.67</u>	<u>8386.02</u>
Other Current Assets				
Interest Accrued on Banks Deposits and investments			350.21	421.09
			<u>350.21</u>	<u>421.09</u>
Summary of Current Assets				
Inventories			7837.02	5736.40
Sundry Debtors			15975.50	11974.87
Cash & Bank Balances			10314.67	8386.02
Other Current Assets			350.21	421.09
			<u>34477.40</u>	<u>26518.38</u>

Schedule 9 Loans And Advances

(Rs. in Crore)

	AS AT 31.3.2009		AS AT 31.3.2008	
Loans				
Loans to Subsidiaries Companies	181.89		0.00	
Loans to Employees	0.13		0.33	
Materials Issued on loan	7.75		0.00	
Loans to others	0.07		0.13	
Interest accrued and or due on loans [includes Rs. 5.58 crore subsidiary company (Previous year Rs. Nil)]	12.10	201.94	8.00	8.46
Advances				
(Recoverable in cash or in kind or for value to be received)				
To employees	27.24		21.94	
For purchases	595.82		230.54	
To Others	956.91		690.23	
For capital expenditure	55.29	1635.26	27.81	970.52
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)]	191.40		195.34	
Others	131.14	322.54	39.63	234.97
Advance Tax/ TDS (Net of Provision for Income Tax Rs. 5594.26 crore) (Previous year Rs. 4432.83 crore)		295.34		201.46
		2455.08		1415.41
Less: Provision for doubtful loans & advances		31.41		27.61
		2423.67		1387.80
Particulars of Loans & Advances :				
Loans & Advances considered good in respect of which the Company is fully secured		80.27		1.20
Loans & Advances considered good for which the Company holds no security other than the Debtors' personal security		2343.40		1386.60
Loans & Advances considered doubtful & provided for		31.41		27.61
		2455.08		1415.41
	Maximum Balance (Rs. in crore) during the year			
	2008-09	2007-08		
Due from Directors of the Company	*	*	*	*
Due from Officers of the Company	0.40	0.20	0.26	0.14
* Amount less than Rs. 1 lakh				

Schedule 10 Current Liabilities

(Rs. in Crore)

	AS AT 31.3.2009	AS AT 31.3.2008
Acceptances	67.14	59.83
Sundry Creditors		
- Total outstanding dues of Micro & Small Enterprises (incl. interest)	96.50	38.87
- Other Sundry Creditors	5756.35	4385.13
Advances received from customers & others	16435.42	11394.62
Deposits from Contractors & others	325.68	233.81
- Unclaimed dividend *	1.31	0.91
Other liabilities	674.44	462.56
Interest accrued but not due	0.48	0.72
	23357.32	16576.45

* 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 31.3.2009	AS AT 31.3.2008
Dividend	391.61	305.95
Corporate Dividend Tax	66.56	52.00
Contractual Obligation	887.09	696.57
Retirement benefits	1715.79	1492.02
Others	1914.53	899.31
	4975.58	3445.85

Schedule 12 Turnover (Gross)

(Rs. in Crore)

	For the year ended 31.3.2009	For the year ended 31.3.2008
Sales less returns (incl Despatches made to customers Rs. 15114.26 crore (Previous year Rs. 11162.57 crore)	24625.22	19029.27
Income from external erection & other services	2848.01	2000.15
Revenue from Works Contract	559.96	371.59
	28033.19	21401.01

Schedule 12A

A. Other Operational Income

(Rs. in Crore)

	For the year ended 31.3.2009	For the year ended 31.3.2008
Export Incentives	56.31	96.70
Rental income on leased assets	25.52	77.77
Less: Lease equalisation account	<u>-17.91</u>	<u>29.87</u>
Scrap	186.72	142.47
Receipt from sale/transfer of surplus stock	0.18	0.07
Others	227.82	135.12
Total (A)	<u>514.46</u>	<u>422.26</u>

b. Other Income

(Rs. in Crore)

	For the year ended 31.3.2009	For the year ended 31.3.2008
Profit from sale of fixed assets (Net Cr)	8.36	1.72
Dividend on Investment (Long term-Trade)	18.45	8.09
Exchange variation gain (Net)	28.63	0.00
Others (including grants of Rs. 0.01 crore (prev year Rs.0.30 crore) from Govt of India for R & D Projects)	157.93	117.25
Total (B)	<u>213.37</u>	<u>127.06</u>

C. Interest Income **

(Rs. in Crore)

	For the year ended 31.3.2009	For the year ended 31.3.2008
From customers	0.60	0.89
From employees	0.04	0.11
From banks	756.57	621.68
Others [includes Rs. 5.58 crore (previous year Rs. Nil) from subsidiary company)]	12.32	272.76
Total (C)	<u>769.53</u>	<u>895.44</u>
Total Other Income	<u>1497.36</u>	<u>1444.76</u>

*Amount less than Rs. 1 lakh

** Tax deducted at source Rs.175.11 crore (previous year Rs. 129.59 crore)

Schedule 13 Accretion/(Decretion) to Work-in-progress & Finished Goods

(Rs. in Crore)

	For the year ended 31.3.2009		For the year ended 31.3.2008	
Work -in -progress				
Closing Balance	3612.59		2548.53	
Opening Balance	2548.53	1064.06	1875.63	672.90
Finished Goods				
Closing Balance	519.00		472.98	
Opening Balance	472.98	46.02	302.56	170.42
Inter-division transfer in transit		41.46		-16.06
NOTE:		1151.54		827.26
Element of Excise duty in Finished Goods				
Closing Balance		35.24		53.21
Opening Balance		53.21		34.17

Schedule 14 Consumption of Material, Erection and Engineering Expenses

(Rs. in Crore)

	For the year ended 31.3.2009		For the year ended 31.3.2008	
Consumption of Raw material & components	15148.94		10069.31	
Consumption of stores & spares	438.49		331.38	
Erection and Engineering exp. - payment to subcontractors	2032.62		1420.18	
	17620.05		11820.87	

Schedule 15 Employees Remuneration & Benefits

(Rs. in Crore)

	For the year ended 31.3.2009		For the year ended 31.3.2008	
Salaries, Wages, Bonus, Allowances & other benefits	2450.24		2019.89	
Contribution to gratuity fund	-7.59		115.54	
Contribution to Provident and other funds	161.01		133.91	
Group Insurance	8.64		5.39	
Staff Welfare Expenses	371.38		332.96	
	2983.68		2607.69	
Directors (incl Chairman & Managing Director) *				
- Salaries & Allowance	0.48		0.87	
- Contribution to PF	0.05		0.06	
- Contribution to Gratuity Fund	0.03		0.04	
- Others	0.22		0.41	

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 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 31.3.2009	For the year ended 31.3.2008
Resident Consultant's Charges	3.22	0.36
Royalty, technical documentation & other consultancy charges	36.99	27.39
Rent (includes Rs. 44.46 crore for rent-residential Previous year Rs. 23.24 crore)	52.63	30.43
Excise duty	68.83	138.15
Power & Fuel	341.82	273.07
Rates & Taxes	47.06	35.39
Service Tax	11.51	5.78
Exchange Variation loss (Net)	0.00	41.59
Insurance	77.84	72.51
Repairs:		
Buildings	71.10	48.64
Plant & Machinery	16.45	17.01
Others	85.99	79.08
Other expenses in connection with exports	26.54	17.39
Bad Debts and amount Written off	2.67	6.34
Carriage outward	247.30	190.60
Travelling & conveyance	191.11	153.50
Miscellaneous Expenses	548.96	463.73
Cash discount	0.00	0.04
Liquidated damages charged off	2.62	36.11
Donations	0.13	0.80
Corporate social Expenses	3.00	6.32
	1835.77	1644.23
Notes:		
Repairs do not include expenditure on departmental maintenance which are as under:		
Plant & Machinery	131.75	108.70
Buildings	40.06	32.28
Others	26.44	19.91
	198.25	160.89
Agency Commission on exports included in expenses in connection with exports	15.30	11.40
Expenditure on research & development	295.56	220.29
Payment to Auditors (Net of service tax credit claimed)	0.36	0.31
– Fees (includes Rs. 0.05 crore, previous year Rs. 0.04 crore to auditors abroad).		
– Expenses	0.08	0.06
– Income tax matters (includes Rs. 0.02 crore, Previous year Rs. Nil to auditors abroad)	0.09	0.06

Schedule 16 (Contd.) Other Expenses Of Manufacture, Administration, Selling & Distribution

(Rs. in Crore)

	For the year ended 31.3.2009		For the year ended 31.3.2008	
- Certification work includes Rs.0.01 crore (Previous year Rs. Nil) to auditors abroad		0.17		0.16
- Other Professional services includes Rs. 0.04 crore (Previous year Rs.0.03 crore) to auditors abroad		0.07		0.04
Payment to Cost Auditors		0.01		0.01
Expenditure on entertainment		7.64		6.70
Expenditure on foreign travel (for 775 tours (previous year 681 tours)		14.02		8.50
Expenditure on Publicity and Public relations				
- Salaries allowances & other benefits	6.16		4.70	
- Other expenses	11.76	17.92	14.42	19.12
Director's Fees		0.07		0.06

Schedule 17 Provisions

(Rs. in Crore)

	For the year ended 31.3.2009		For the year ended 31.3.2008	
Doubtful debts ,Liquidated Damages and Loans & advances				
- Created during the year	395.57		211.91	
- Less written back during the year	360.43	35.14	172.99	38.92
Contractual Obligations				
- Created during the year	427.21		312.72	
- Less written back during the year	241.01	186.19	153.46	159.26
Others				
- Created during the year	1205.60		840.00	
- Less written back during the year	145.97	1059.63	259.93	580.07
		1280.97		778.25

Schedule 18 Interest and Other Borrowing Costs

(Rs. in Crore)

	For the year ended 31.3.2009		For the year ended 31.3.2008	
Interest on:				
Banks/financial Institutions borrowings		8.64		0.08
Others		22.07		35.34
Less: Borrowing Costs capitalised		0.00		0.00
		30.71		35.42

Schedule 18A Prior Period Items

(Rs. in Crore)

	For the year ended 31.3.2009		For the year ended 31.3.2008	
INCOME				
Sales less returns	11.21		-0.12	
Operational income (others)	1.37		-0.89	
Other income (others)	0.00		0.01	
Interest income (others)	0.10	12.68	0.29	-0.71
EXPENDITURE				
Consumption of Raw material & components	-0.54		1.37	
Depreciation	0.07		0.03	
Payment to Sub-contractors	0.04		-0.02	
Interest	0.00		0.02	
Misc. Expenses	1.22	0.79	-1.19	0.21
Prior period adjustments (Net)		11.89		-0.92

SCHEDULE – 19

NOTES TO THE ACCOUNTS

1. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for is Rs. 1783.78 crore (previous year Rs. 1062.14 crore) including Rs. 24.78 crore (previous year Rs. 23.70 crore) for acquisition of intangible assets.

2. Land and buildings include:

- 9597.485 acres of land (previous year 13016.258 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 51.520 acres of land (previous year 51.520 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.
- 79.076 acres of land (previous year 79.076 acres) leased to Ministry of Defence, Government Departments and others.
- 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.
- 106.858 acres (previous year 106.858 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)	
	2008-2009	2007-2008
100% depreciation on assets upto Rs.10,000/- charged off in the accounting year	15.35	7.16
Normal depreciation on above	9.05	2.05
Excess amount charged off	6.30	5.11

4. Sales and despatches to customers :

- Includes Rs. 766.64 crore (previous year Rs. 151.01 crore) based on provisional prices.
- Includes Rs. 923.93 crore (previous year Rs. 574.48 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;

- Includes despatches of equipment valued at Rs. 25.45 crore (previous year Rs. 15.18 crore) held on behalf of customers at their request for which payment has been received by the Company; and
- Excludes Rs. 15.65 crore (previous year Rs. Nil) for price reduction due to delay in delivery as per terms of the contract.

5. Contingent Liabilities:

- Claims against the company not acknowledged as debt:
 - Income Tax pending appeals (net of provisions) Rs. 28.57 crore (previous year Rs. 28.41 crore) against which Rs 0.01 crore (previous year Rs 0.01 crore) has been paid under protest and included under the head deposits- others.
 - Sales Tax demands Rs. 326.39 Crore (previous year Rs. 295.18 crore) against which Rs. 71.56 crore (previous year Rs. 78.03 crore) has been paid under protest/court orders and included under the head advances recoverable.
 - Excise Duty demands Rs.169.16 crore (previous year Rs. 134.12 crore), against which Rs.5.11 crore (previous year Rs. 12.49 crore) has been paid under protest/court orders and included under the head advances recoverable.
 - Custom Duty demands Rs. 0.21 crore (previous year Rs. Nil) against which Rs. 0.06 crore has been paid under protest..
 - Court / Arbitration cases Rs. 86.06 crore (previous year Rs. 76.17 crore)
 - Liquidated Damages Rs. 1363.44 crore (previous year Rs. 809.53 crore).
 - Counter claim by contractors Rs. 40.99 crore (previous year Rs. 40.99 crore).
 - Service Tax demand Rs. 70.31 crore (previous year Rs. 6.11 crore) against which Rs. 0.08 crore (previous year Rs. Nil) has been deposited against protest.
 - Others Rs. 58.77 crore (previous year Rs. 56.31 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. 0.06 crore (previous year Rs. 0.40 crore).
6. The company invested a sum of 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. 30000 crore (previous year Rs. 20000 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 31.03.2009 is Rs. 26752 crore (previous year Rs. 19314 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 Government since there was no stipulation for payment of such guarantee fee at the time the loans (guaranteed by Government) were taken.
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. Responses to confirmation of outstanding balances of Sundry debtors, creditors, contractor's advances, deposits and stocks/materials lying with sub-contractors/fabricators were received in few cases, some of them seeking details. The reconciliations with the parties are carried out as an ongoing process.

11. The disclosure relating to Micro and Small Enterprises

Rs. in Crore

S. No.	2008-09	2007-08
1. The principal amount remaining unpaid to supplier as at the end of accounting year.	92.07	36.67
2. The interest due thereon remaining unpaid to supplier as at the end of accounting year.	4.43	2.20
3. The amount of interest paid, along with the amounts of the payment made to the supplier beyond the appointed day during the year.	4.45	10.74
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.	0.34	0.17
6. The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	3.01	0.72
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.	0.04	0.03

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	
	2008-09	2007-08
Contract revenue recognized during the year	21815.06	15378.47
In respect of Contract in progress as on 31.03.2009:		
– Cost incurred and recognised profits (less recognized losses)	62550.94	40253.90
– Amount of advance received	8612.43	4919.05
– Amount of retentions (deferred debts)	4189.25	2831.08
In respect of dues from customers after appropriate netting off		
– Gross amount due from customers for the contract work as an asset	2838.41	1253.60
– Gross amount due to customers for the contract work as a liability	2691.13	2011.34
– 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

15. The disclosure relating to derivative instruments:

- The derivative instruments that are hedged and outstanding as on 31.03.2009 is Nil (previous year Nil).
- The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under:

(Figures in Crore)

	2008-09		2007-08	
	In foreign currency	In Indian Rs.	In foreign currency	In Indian Rs.
a) Assets / Receivables (i.e. Debtors)				
In US \$	24.69	1250.08	19.89	790.29
In Euro	10.60	705.63	5.40	334.23
In LYD	0.27	10.48	0.67	21.87
In RO	0.22	29.07	0.23	23.16
In Others		21.25		14.56
b) Liabilities (i.e. Advance from customers / creditors)				
In US \$	17.80	917.89	17.75	714.79
In Euro	23.88	1637.21	10.89	684.83
In LYD	0.92	37.25	0.57	19.09
In Others		70.25		43.72

up dated periodically during the year by the management and necessary adjustments are made in the current year's account.

- EPF organization (Govt. of India, Ministry of Labour) vide its notice dated 21st April 2008 has communicated the decision of the Supreme Court in the case of Manipal Academy of higher education Vs RPFCL i.e. leave encashment need not be included for deduction of PF contribution. Accordingly, PF is not deducted and provided for leave encashment liability w.e.f. 30.05.2008 in line with Company circular dated 30.05.2008, due to this change the liability of leave encashment has been reduced by approx. Rs. 56 crore during the year 2008-09.
- 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.

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

a) 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 31.03.2009 are as follows:

	Rs. In Crore	
	2008-09	2007-08
1. Change in present value of obligation		
a) Present value of obligation as at the beginning	978.23	856.36
b) Acquisition adjustment	-	-
c) Interest Cost	68.48	64.23
d) Past service cost	-	-
e) Current service cost	41.03	55.94
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	(90.75)	(75.58)
i) Actuarial (gain) / Loss	30.97	77.28
j) Present value of obligation at the end of the period	966.02	978.23
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	978.25	856.36
b) Acquisition Adjustments	-	-
c) Expected return on plan assets	83.15	78.79
d) Contributions	-	-
e) Benefits paid	(90.75)	(75.58)
f) Actuarial gain / (Loss) on plan assets	2.97	3.12
g) Fair value of plan assets as at the end of the year	973.62	862.69
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	978.25	856.36
b) Acquisition Adjustments	-	-
c) Actual return on plan assets	86.12	81.91
d) Contributions	-	-
e) Benefits paid	(90.75)	(75.58)
f) Fair value of plan assets at the year end	970.62	862.69
g) Funded status	7.59	(115.54)
h) Excess of actual over estimated return of plan assets	2.97	3.12

4. Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period - obligation	30.97	(77.28)
b) Actuarial (Gain) / loss for the period – plan assets	(2.97)	(3.12)
c) Total (gain) / loss for the period	(33.94)	74.16
d) Actuarial (gain)/ loss recognized in the period	(33.94)	74.16
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	966.02	978.23
b) Fair value of plan assets as at the end of period	973.62	862.69
c) Funded status	7.59	(115.54)
d) Excess of actual over estimated	2.97	3.12
e) Unrecognised actuarial (gains)/ losses	-	-
f) Net asset/ (liability) recognized in balance sheet	7.59	(115.54)
6. Expense recognized in the statement of profit and loss a/c		
a) Current service cost	41.03	55.94
b) Past service cost	-	-
c) Interest cost	68.48	64.23
d) Expected return on plan assets	(83.15)	(78.79)
e) Curtailment cost / (Credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	(33.94)	74.16
h) Expenses recognized in the statement of profit & losses	(7.59)	115.54

Assumptions - Discounting rate 7.00% (prev. year 7.50%), Future salary increase 4.50% (prev. year 5.00%). Expected rate of return on plan assets 8.50% (prev. year 9.20%).

c) Post Retirement Medical Benefits plan

Rs. In Crore

	2008-09	2007-08
1. Change in present value of obligation		
a) Present value of obligation as at the beginning	666.08	570.51
b) Acquisition adjustment	-	-
c) Interest Cost	46.63	42.79
d) Past service cost	-	-
e) Current service cost	14.59	11.61
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	(26.39)	(22.75)
i) Actuarial (gain) / Loss	57.89	63.93
j) Present value of obligation as at the end of year	758.80	666.08
2. Change in the fair value of plan assets	-	-
3. Fair value of plan assets	-	-
Funded Status	(758.80)	(666.08)
4. Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period - obligation	(57.89)	(63.93)
b) Actuarial (Gain) / loss for the period – plan assets	-	-
c) Total (gain) / loss for the year	57.89	63.93
d) Actuarial (gain)/ loss recognized in the period	57.89	63.93
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	758.80	666.08
b) Fair value of plan assets as at the end of the year	-	-
c) Funded status	(758.80)	(666.08)
d) Net assets / (liability) recognized in balance sheet	(758.80)	(666.08)
6. Expenses recognized in the statement of profit and loss		
a) Current service cost	14.59	11.61
b) Interest cost	46.63	42.79
c) Net actuarial (gain) / loss recognized in the year	57.89	63.93
d) Expenses recognized in the statement of profit & loss	119.11	118.32

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. 4.14 crore reversed during the year 2008-09, with this the cumulative likely interest shortfall for the future period is Rs. 9.64 crore (previous year Rs. 13.78 crore), to be compensated by the company to the PF trusts has been kept in the books of accounts.

17. 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.
- ii) Other related parties (Key Management Personnel- Functional Directors: existing & retired):
 - S/Shri K.Ravi Kumar, C.S.Verma, Anil Sachdev, B.P.Rao and C.P. Singh
- iii) Details of transactions:

Rs. In Crore

Particulars	Joint Ventures		Key Management Personnel(KMP)		Relatives of KMP	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Purchase of Goods and Services	61.07	48.85		0.49		
Sales of Goods and services	67.86	59.41				
Rendering of Services	4.85					
Receiving of Services						
Dividend income	18.45	8.09				
Royalty income	1.46	0.88				
Amounts due to BHEL at the end of the year	26.59	24.33				
Amounts due from BHEL at the end of the year	0.70	0.89		0.04		
Provision for Doubtful debts	0.02	0.05				
Amount written back	-	-				
Guarantees given on behalf of	-	-				
Payment of Salaries			0.78	1.38		
Rent			-	0.01		

18. Lease:

a. Details of assets taken on finance lease on or after 1st April, 2001 are as under:

(Rs. in Crore)

	As on 31-3-2009	As on 31-3-2008
a. Outstanding balance of Minimum Lease payments		
– not later than one year	56.87	37.86
– later than one year and not later than five years	117.31	68.19
– later than five years	-	-
Total minimum lease payments at the balance sheet date	174.18	106.05
b. Present Value of (a) above		
– not later than one year	43.99	30.83
– later than one year and not later than five years	99.64	59.36
– later than five years	-	-
Total minimum lease payments at the balance sheet date	143.63	90.19
c. Finance charges	30.55	15.86
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 31-3-2009	As on 31-3-2008
– not later than one year	4.36	4.88
– later than one year and not later than five years	7.34	7.89
– later than five years	0.03	0.01

- 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	
	2008-2009	2007-2008	2008-2009	2007-2008
Computers & Peripherals	0.83	5.79	0.01	0.01
Land & Buildings	0.06	0.06	0.03	0.03
TOTAL	0.89	5.85	0.04	0.04

19. Earnings per Share:

			2008-09	2007-08
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)	3138.21	2859.34
Basic and Diluted Earnings Per Share	(B)/(A)	(Rs.)	64.11	58.41

20. The break up of net deferred tax assets on account of timing difference are as under:

(Rs. in Crore)

	As on 31.3.2009	As on 31.3.2008
Deferred Tax Assets		
Provisions	1336.51	890.20
Deferred Revenue Expenditure of Voluntary Retirement Schemes	0.01	0.01
Statutory dues	470.07	411.71
Modvat Adjustments	85.37	74.13
Others	6.14	18.40
	1898.08	1394.45
Deferred Tax Liabilities		
Depreciation	57.78	56.52
Net Deferred Tax Assets	1840.30	1337.93

21. Joint ventures / Subsidiaries:

- (i) An MoU has been signed on 3rd Feb, 2009 between BHEL and Keral Electricals & Allied Engineering Co. Ltd. (KEL), to set up a Joint Venture company for the Kasaragod unit of KEL with majority ownership of BHEL.
- (ii) A Joint venture agreement was signed between BHEL and KPCL on 12th Jan, 2009 to float a JV company for setting up Supercritical Thermal Power Projects in Karnataka.
- (iii) An MoU has been signed between BHEL and Heavy Engineering Corporation Ltd. (HEC) on 6th Sept., 2008 for acquiring the Foundry Forge Plant of HEC and setting up a Joint Venture Company on 50:50 basis.
- (iv) An MoU dated 30th March 2009 entered into between BHEL and Bharat Electronics Ltd for exploring the possibility of setting up a Joint Venture Company in India to address the solar photo-voltaic business.
- (v) The company has taken over Bharat Heavy Plate & Vessels Ltd. (BHPV), a sick company referred under BIFR, as a 100% subsidiary w.e.f.10.05.2008, along with all its assets and liabilities (including contingent liabilities) at a nominal value of Rs. 1/- as per the terms set out in GOI, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry letter No. F.No.1 (II)/2004-PE(IV) dated 7th May 2008.

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	Country of Incorporation	Proportion of Ownership
Power plant Performance Improvement Ltd	India	One share less than
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%

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 Turbine Services Pvt. Ltd.	NTPC-BHEL Power Projects Pvt. Ltd.	Udangudi Power Corporation Ltd.	Barak Power Pvt. Ltd.
Fixed Assets	3.24	0.07	0.00	0.00
Net Current Assets	24.21	3.76	5.03	0.05
Loan funds	0.28	0.00	0.00	0.00
Deferred Tax Assets (net)	0.70	0.00	0.00	0.00
Shareholders Funds	27.88	3.83	5.03	0.05
Income	216.19	0.02	0.05	0.00
Expenses	182.47	1.19	0.02	0.00
Contingent Liabilities	6.63	0.00	0.00	0.00
Capital Commitments	0.00	0.00	0.00	0.00

22. 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 31st March, 2009	Maximum amount of loans and advances in the nature of loans outstanding during the year 2008-09
Bharat Heavy Plate & Vessels Ltd.	181.89	181.89

23. The disclosure relating to Accounting Standard -29

Rs. In Crore

Particulars	Opening Balance	Additions	Usage / write off / payment	Withdrawal/ Adjustments	Closing Balance
Liquidated Damages					
Current year 2008-09	644.14	175.00	(2.62)	(294.01)	522.51
(Prev. year 2007-08)	(586.45)	(116.76)	(36.11)	(22.66)	(644.14)
Contractual Obligation					
Current year 2008-09	696.57	427.21	(74.95)	(161.74)	887.09
(Prev. year 2007-08)	(537.35)	(312.72)	(59.95)	(93.55)	(696.57)
Provision for wage revision					
Current year 2008-09	620.23	1728.96	599.85	-	1749.34
(Prev. year 2007-08)	82.00	736.97	198.74	-	620.23

- 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) The provision for wage revision due from 01.01.2007 has been reassessed based on the developments during the year. The revised guidelines for pay scales and perquisites for the Executives and non unionized supervisors were issued by Department of Public Enterprises vide letter No. 2 (70)/08-DPE (WC)-GL VII/09 dated 2nd April, 2009. The revision in pay scales etc. for workmen is still under discussions. In addition an amount of Rs. 661 crore has been provided towards additional gratuity liability due to increase in the ceiling limit from Rs. 3.5 lacs to Rs. 10 lacs as per above guidelines.

The total liability on wage revision, based on the above development, for the period from 01.01.2007 to 31.03.2009 works out to Rs. 2547 crore. Out of the above Rs. 799 crore has been paid and accounted as adhoc and 50% DA merger (Rs. 199 crore in 2007-08 and Rs. 600 crore in 2008-09) leaving an amount of Rs. 1749 crore to be kept as provision.

The amount charged to the profit & loss accounts on the above for the year 2008-09 has been considered for ascertainment of cost for AS-7®, inventory etc.

24. SEGMENT INFORMATION

Rs. In Crore

	For the year ended 31.3.2009			For the year ended 31.3.2008		
A. PRIMARY SEGMENT - BUSINESS SEGMENTS						
	Power	Industry	Total	Power	Industry	Total
I. SEGMENT REVENUE						
a. Segment Revenue	21344.38	7249.52	28593.90	15918.75	6010.68	21929.43
b. Inter-Segment Revenue	0.00	504.40	504.40	0.00	431.72	431.72
c. Operating Revenue-External (a) - (b)	21344.38	6745.12	28089.50	15918.75	5578.96	21497.71
II. SEGMENT RESULTS						
a. Segment Results	3861.76	1214.63	5076.39	3931.04	1086.28	5017.32
b. Unallocated expenses (Net of income)			196.83			551.51
c. Profit before Interest, DRE & Incometax (a) - (b)			4879.56			4465.81
d. Interest			30.71			35.42
e. Net Profit before Income Tax (c) - (d)			4848.85			4430.39
f. Income Tax			1710.64			1571.05
g. Net Profit after Income Tax			3138.21			2859.34
III ASSETS & LIABILITIES						
a. Segment Assets	21369.52	6743.21	28112.73	14896.01	5394.02	20290.03
b. Unallocated Assets			13308.35			10601.66
c. Total Assets			41421.08			30891.69
d. Segment Liabilities	21940.73	5356.23	27296.96	14521.41	4146.40	18667.81
e. Unallocated Liabilities			1185.31			1449.67
f. Total Liabilities			28482.27			20117.48
IV OTHER INFORMATION						
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	1049.17	144.90		517.82	128.09	
b. Depreciation	194.96	57.89		164.75	59.47	
c. Non Cash Expenses (other than depreciation)	701.53	336.86		183.17	99.11	
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS						
	Within India	Outside India	Total	Within India	Outside India	Total
1 Net Sales / Income from Operations	26272.19	1817.31	28089.50	20477.64	1020.07	21497.71
2 Total Assets	41234.50	186.58	41421.08	30695.52	196.17	30891.69
3 Cost incurred during the period to acquire Fixed Assets	1307.76	0.06	1307.82	653.08	35.03	688.11

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.

25 Previous year's figures have been regrouped/reclassified wherever practicable to conform to current year's presentation.

26. 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 2008-2009		Op. Stock of Fin. Goods 1.4.2008		Cl. Stock of Fin. Goods 31.3.2009	
		Qty.	Value	Qty.	Value	Qty.	Value
BHOPAL							
SWITCHGEAR, CONTROL GEAR, RECTIFIER, CAPACITORS							
Switchgear-11 KV to 220 KV high speed air blast circuit breakers	Nos	2580 (4505)	101.19 (124.50)	55 (799)	0.79 (8.57)	85 (55)	2.57 (0.79)
Control Panels	Nos	316 (14)	72.13 (55.29)	0 (0)	0.00 (0.00)	7 (0)	3.61 (0.00)
Industrial controlgear	Nos	0 (0)	20.76 (10.72)	0 (0)	0.00 (0.01)	0 (0)	0.00 (0.00)
Traction controlgear for AC, DC & diesel system	Set	123 (231)	113.52 (107.72)	0 (0)	0.00 (0.00)	13 (0)	3.61 (0.00)
Rectifiers with Electronics	Nos	525 (539)	135.65 (134.91)	0 (1)	0.00 (0.06)	3 (0)	1.04 (0.00)
Capacitors	MVAR	2358	18.16	14	1.24	157	1.39
	MVAR	(1839)	(12.51)	(0)	(0.62)	(14)	(1.24)
Bushings		0 (0)	19.98 (15.73)	0 (0)	0.00 (0.00)	0 (0)	0.20 (0.00)
TRANSFORMERS							
Power transformers (upto 400 KV)	MVA	14866	590.47	0	31.27	617	14.17
	Nos.	127		8	0.00	4	
	MVA	(11986)	(394.64)	(0)	(8.47)	(0)	(31.27)
	Nos.	(87)	(0.00)	(11)	(0.00)	(8)	(0.00)
Instrument, welding ,transformers and reactors	MVA	0	15.17	0	0.00	0.00	0.90
	Nos.	391		0	0.00	103	
	MVA	(0)	(20.22)	(0)	(0.00)	(0)	(0.00)
	Nos.	(723)	(0.00)	(0)	(0.00)	(0)	(0.00)
INDUSTRIAL AND TRACTION MACHINES							
Traction Motors for AC,DC & diesel system,main/auxiliary generators	Nos	3151 (2763)	725.08 (631.52)	107 (78)	8.63 (4.33)	13 (107)	9.24 (8.63)
Industrial machines, AC motors upto 1000 HP, DC motors & generators of all types	Nos	984 (911)	215.21 (200.65)	49 (22)	6.51 (3.07)	90 (49)	12.42 (6.51)
HEAVY ROTATING PLANT & TURBINES							
Large electrical machines above 1000 HP	Nos	335 (331)	279.04 (222.40)	15 (16)	7.38 (8.24)	6 (15)	2.51 (7.38)
Water wheel alternators & water turbines & Mini micro turbines & generators	Nos/ MW	22/T 835	265.83	0	3.51	0	13.09
	Nos/ MW	21/G 658	176.41	0	0.89	0	14.91
	Nos/ MW	(17/T) (1284)	(218.39)	0	(4.70)		(3.51)
	Nos/ MW	(12/G) (869)	(184.55)	0	(1.51)		(0.89)
Turbo Alternators & Steam turbines	Nos	0	153.25	0	0.00	0.00	0.00
	Nos	(1)	(117.77)	(0)	(0.00)	(0)	(0.00)
Heat Exchangers	Nos	24	112.58	3	5.48	0	0.35
	Nos	(18)	(98.35)	(0)	(0.00)	(3)	(5.48)
Others			183.85		0.00		0.00
		(0)	(140.28)		(0.00)		(0.00)
		TOTAL	3198.28		65.70		80.01

26. 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 2008-2009		Op. Stock of Fin. Goods 1.4.2008		Cl. Stock of Fin. Goods 31.3.2009	
		Qty.	Value	Qty.	Value	Qty.	Value
JHANSI							
Power transformers and special transformers	Nos	99 (99)	316.41 (309.18)	4 (17)	11.54 (45.13)	6 (4)	18.60 (11.54)
ESP Transformer	Nos	798 (719)	75.74 (65.64)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
ACEMU Transformer	Nos	0 (0)	0.00 (0.61)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Freight Loco transformers	Nos	86 (59)	76.93 (52.51)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Instrument transformers	Nos	249 (797)	8.60 (19.43)	69 (105)	1.31 (1.39)	30 (69)	0.63 (1.31)
Bus Duct	Nos/Set		53.45	0	0.01	0	0.71
		(0)	(77.25)	(0)	(2.28)	(0)	(0.01)
Dry Type Transformer	Nos.	125 (84)	31.92 (18.63)	7 (2)	0.52 (0.08)	0 (7)	0.00 (0.52)
Diesel Shunters	Nos	11 (14)	29.66 (34.51)	1 (0)	2.66 (0.00)	1 (1)	2.38 (2.66)
New Product Loco	Nos	0 (0)	0.01 (0.70)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
AC LOCO	Nos.	1	5.67				
Others/Misc.	Nos	0 (0)	15.56 (12.00)	0 (0)	0.10 (0.00)		0.10 (0.10)
		TOTAL	613.95		16.14		22.42
HEEP, Haridwar							
Electrical Machines	MW/Nos	0 (0)	0.00 (0.00)	3/3 (3/3)	0.27 (0.26)	1/2 (3/3)	0.21 (0.27)
Industrial controls panels	Nos.	0 (0)	0.00 (0.00)	3 (3)	0.19 (0.19)	3 (3)	0.18 (0.19)
Turbo Sets	MW/Nos	4960/15 (10/2530)	1923.81 (1968.15)	0 (0)	10.08 (16.38)	0 (0)	4.01 (10.08)
Hydro sets	MW/Nos	0 (4/304)	28.35 (36.73)	0 (0)	0.38 (2.02)	0 (0)	0.00 (0.38)
Super Rapid Gun Mount	Nos.	1 (2)	34.81 (84.25)	0 (0)	0.00 (0.00)	1 (0)	17.23 (0.00)
Gas Turbine	MW/Nos	0 (0)	299.63 (9.48)	0 (0)	0.00 (0.00)	0 (0)	3.01 (0.00)
Others		0 (0)	566.69 (233.09)	0 (0)	7.27 (5.69)	0 (0)	6.74 (7.27)
		TOTAL	2853.29		18.19		31.38
CFFP, Haridwar							
Steel Castings	MT	0 (59.40)	0.06 (1.33)	0 (5.79)	0.00 (0.27)	0 (0)	0.00 (0.00)
Steel forgings	MT	13.19 (47.19)	1.22 (1.70)	0 (2.63)	0.00 (0.07)	0 (0)	0.00 (0.00)
		TOTAL	1.28		0.00		0.00

26. 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 2008-2009		Op. Stock of Fin. Goods 1.4.2008		Cl. Stock of Fin. Goods 31.3.2009	
		Qty.	Value	Qty.	Value	Qty.	Value
		+					
Boilers	MT	435567 (298000)	6959.89 (5169.29)	9655 (5092) @	148.16 (84.47)	11063 (9655) @	176.78 (148.16)
Valves	Nos*	115787 (89747)	378.50 (246.25)	5625 (3733)	7.68 (6.57)	7655 (5625)	11.24 (7.68)
Income from testing & other services	Rs.	0 (0)	6.25 (9.09)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Seamless steel tubes	MT	156 (119)	2.77 (1.96)	**	**	**	**
				@@			
TOTAL		7347.41		155.84		188.02	

- Figures in brackets represent previous year's figures .
- + This includes 1504 MTs of BAP, Ranipet, composite turnover for Fossil Boiler (Previous Year 5764 MTs)
- *Correct Weight particulars in terms of tonnage could not be ascertained.
- **This excludes opening stock of 38 MT (Rs. 1969 thousands) and Closing stock of 389 MT of (Rs.32000 thousands) meant for Boiler Plant treated as WIP
- @ This excludes closing stock meant for Boiler treated as WIP = Nos./ Value Rs. thousand
- Valves drawn for Boilers Qty. - 55950 Nos. , Value Rs. 1354200 thousands (Pre Year 45211 Nos. and Value Rs. 509300 thousands)
- 30394 MTs of SS tubes transferred to Boiler Plant for captive consumption.
- @@ included Raw Mat. (491) & Stores & Spares (492) as per SCH 14A

(Rs. in crore)

Product	Unit	Sales during the year 2008-2009		Op. Stock of Fin. Goods 1.4.2008		Cl. Stock of Fin. Goods 31.3.2009	
		Qty.	Value	Qty.	Value	Qty.	Value
		BAP, Ranipet					
Boiler auxiliaries	MT	188055 (140066)	1955.62 (1279.21)	1.22 (6038)	79.42 (44.02)	6396 (1.22)	44.52 (79.42)
Wind Mill	MT	(0)	0.52 (0.25)	0 (0)	0.00 (0.00)	(0)	(0.00)
Income from testing & other services		(0)	1.24 (1.69)	0 (0)	0.00 (0.00)	(0)	0.00 (0.00)
Income from external erection & other services		(0)	5.01 (2.04)	0 (0)	0.00 (0.00)	(0)	(0.00)
TOTAL		1962.39		79.42		44.52	

26. 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 2008-2009		Op. Stock of Fin. Goods 1.4.2008		Cl. Stock of Fin. Goods 31.3.2009	
		Qty.	Value	Qty.	Value	Qty.	Value
Hyderabad							
60 MW Sets	MW	2+P (2+P)	45.44 (44.39)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
110/120 MW Sets	MW	1+P (P)	299.86 (501.73)	P (0)	0.30 (0.00)	1P (P)	12.68 (0.30)
Small & Medium Sets	MW	14+P (12+P)	455.07 (662.24)	2P (0)	75.63 (0.00)	8P (2P)	51.13 (75.63)
Pumps and heaters	Nos	10+P (6+P)	579.30 (286.10)	0 (1P)	0.00 (1.70)	0 (0)	0.00 (0.00)
Compressors	Nos	1+P (3+P)	105.94 (55.83)	0 (1)	0.00 (7.11)	2 (0)	6.65 (0.00)
Gas Turbine	Nos	2+P (5+P)	1432.57 (563.47)	1P (2)	6.48 (32.19)	2P (1P)	63.91 (6.48)
Aux. Prodn. Breakers	Nos	(0)	0.00	0 (0)	0.00 (0.00)	(0)	(0.00)
Bowl Mills		13+P (7+P)	572.53 (357.67)	0 (0)	0.00 (0.00)	0.00 (0)	0.00 (0.00)
Heat Exchangers		0	(0.00)	P	0.00 (0.00)	(P)	(0.00)
Erection Income			18.09 (17.83)		0.00 (0.00)		0.00 (0.00)
Castings			0.62 (0.63)		2.61 (0.90)		2.82 (2.61)
Breakers		61 (55)	25.76 (21.21)	8	2.79 (0.00)	(8)	0.00 (2.79)
Others (serv.)			137.86 (125.68)		0.00 (0.00)		0.00 (0.00)
Breakers Spares			17.36 (6.64)		0.00 (0.00)		0.00 (0.00)
Spares Other than breakers			449.97 (452.26)		0.00 (0.00)		0.00 (0.00)
		TOTAL	4140.37		87.81		137.19
ISG, Bangalore							
Other Equipments		0 (0)	545.34 (470.55)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
		TOTAL	545.34		0.00		0.00
EDN, Bangalore							
Power devices*	Nos	4621 (3699)	1.09 (0.42)	0 (36)	0.00 (0.01)	206 (0)	0.05 (0.00)
Photovoltaics	KWs	1041 (950)	31.34 (20.06)	13 (4)	1.82 (0.20)	168 (13)	0.15 (1.82)
Simulators(Defence Electronics)	Sets	0 (0)	1.70 (6.78)	0 (0)	0.00 (0.00)	(0)	(0.00)
Control Equipments	Cubicles	3677 (2885)	1192.35 (1009.90)	0 (0)	0.00 (1.17)	9 (0)	8.45 (0.00)
		TOTAL	1226.48		1.82		8.65
* Internal Devices included	Nos.	3967					

26. 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 2008-2009		Op. Stock of Fin. Goods 1.4.2008		Cl. Stock of Fin. Goods 31.3.2009	
		Qty.	Value	Qty.	Value	Qty.	Value
EPD, Bangalore							
Insulators & bushings	MT	8767 (9249)	92.74 (101.65)	543 (637)	6.52 (5.37)	397 (543)	4.31 (6.52)
Ceralin MT		2356 (2184)	34.71 (12.57)	165 (41)	1.25 (0.34)	55 (165)	0.47 (1.25)
Income from testing & other services		(0)	3.55 (0.73)	0 (0)	0.00 (0.00)	(0)	(0.00)
TOTAL			131.00		7.77		4.78
POWER GROUP							
Income from erection & Other services & spares			5243.06 (3937.31)		33.19 (0.00)		1.60 (33.19)
TOTAL			5243.06		33.19		1.60
IP, JAGDISHPUR							
Insulators	CMT	6585 (6589.28)	75.61 (73.24)	434.91 (506.60)	5.27 (6.47)	426.58 (434.91)	5.38 (5.27)
Ceralin	MT	1525.90 (1433.89)	21.53 (19.78)	105.50 (158.95)	2.90 (1.83)	55.09 (105.50)	0.84 (2.90)
TOTAL			97.14		8.17		6.22
IVP Goindwal							
Industrial Valves	Nos	0 (0)	0.00 (0.00)	140 (72)	0.66 (0.18)	276 (140)	1.05 (0.66)
TOTAL			0.00		0.66		1.05
COTT, Hyderabad							
Income from testing & services			0.33 (0.74)		0.00 (0.00)		0.00 (0.00)
ASRS for Modernisation of Cod Kanpur Lot	LOT (LOT)		19.94 (8.07)		0.00 (0.00)		0.00 (0.00)
TOTAL			20.27		0.00		0.00
CFP Rudrapur							
SWHS	Nos	388 (2145)	1.11 (2.62)	109 (13)	0.09 (0.01)	0 (109)	0.00 (0.09)
Solar Lantern	Nos.	108 (1439)	0.43 (3.86)	96 (4)	0.02 (0.00)	0 (96)	0.00 (0.02)
ARS Bins	Nos.			150	0.06	0 (150)	0.00 (0.06)
Busduct Project	Sets	9 (5)	32.82 (14.67)			1 (0)	0.69 (0.00)
TOTAL			34.36		0.17		0.69

26. 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 2008-2009		Op. Stock of Fin. Goods 1.4.2008		Cl. Stock of Fin. Goods 31.3.2009	
		Qty.	Value	Qty.	Value	Qty.	Value
HERP/Varanasi							
Spares & Repairs for Boiler/ Turbine & Auxiliaries			92.91 (86.88)		0.28 (0.34)		0.21 (0.28)
		TOTAL	92.91		0.28		0.21
TPG							
Spares(Including Services)			546.05 (247.20)		0.00 (0.00)		0.00 (0.00)
		TOTAL	546.05		0.00		0.00
EMRP							
Repair & Project work			24.60 (23.19)		0.00 (0.00)		0.00 (0.00)
		TOTAL	24.60		0.00		0.00
International Operations							
Income from Sales (Revenue Recognition Adjustment)			-66.25 (-14.58)		0.00 (0.00)		0.00 (0.00)
		TOTAL	-66.25		0.00		0.00
Industry Sector							
Income from Sales (Revenue Recognition Adjustment)			27.98 (-45.44)		0.00 (0.00)		0.00 (0.00)
		TOTAL	27.98		0.00		0.00
Adjustments including profit element on inventory			-6.72		-2.18 (-3.66)		-7.74 (-2.18)
		GRAND TOTAL	28033.19		472.98		519.00

B. Licensed Capacity, Installed Capacity and Actual Production

SL NO	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION	
			2008-09	2007-08	2008-09	2007-08
BHOPAL						
1	Turbo Sets - Steam Turbine/Nuclear Turbine	Set MW	1/1 210 or 250/236	1/1 210 or 250/236		1 250
2	Hydro Sets - Hydro Turbine	Nos. MW	25 2500	25 2500	22 835	17 1284
	- Hydro Generator	Nos. MW	25 2500	25 2500	21 658	12 869
3	Large Electrical Machine	Nos.	100	100	326	332
4	Traction Machines (Incl.TG/AG,Blower Motors,BPRV etc.)	Nos.	3200	3200	3122	2920
5	Power Transformers	Nos. MVA	65 15000	65 15000	123 15483	84 11986
6	Instrument Transformer	Nos.	200	200	494	723
7	Electrical Machines	Nos.	550	550	1034	970
8	Switchgear	Nos.	3000	3000	3270	4000
9	Capacitor	MVAR	3200	3200	2501	1853
10	Industrial Controlgear	Nos.	250	250	0	0
11	Traction Controlgear	Set	220	220	136	231
12	Control Equipment	Nos	600	600	1123	1184
13	Heat Exchangers	Nos. MT	52 1100	52 1100	21 0	21 0
14	Control Panels	Nos.	600	600	350	405
15	Cathodic Protection System	Tonne	2700	2700	0	0
JHANSI						
1	Power Transformers 33KV/ 132KV	Nos./MVA	105/5500	105/5500	104/6221	88/5974
2	Other Transformer					
	- Special Purpose Transformer (Dry Type Trfr. etc.)	Nos.	140	140	165	116
	- Traction Transformer. (Frt. Loco & ACEMU)	Nos.	140	140	117	157
	- Instrument Transformer	Nos.	1000	1000	224	774
	- ESP Transformer	Nos.	500	500	798	719
3	Bus Duct	Set	@	@		
4	Diesel Shunters	Nos.	10	10	12	15
5	AC Locomotives (Upto 6500 HP)	Nos.	30	30	1	0

Installed capacity is as reassessed and certified by the management

* Installed capacity of ESP Trfr has been generated out of Instrument Trfrs

@ Bus duct manufacturing is being done within the existing capacity of Transformers.

Actual production for 2008-2009 includes job done for internal use as below ;

For Sister Units : 7 Nos. Instrument Trfr, 24 Nos. Dry Type Trfr., 1 No. Diesel Shunter

For Own Unit : 2 Nos. Power Trfr.

Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

B. Licensed Capacity, Installed Capacity and Actual Production

SL NO	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION	
			2008-09	2007-08	2008-09	2007-08
HEEP - HARDWAR						
1	Turbo Sets*	MW	5750	5750	4960	2530
2	Hydro Sets	MW			0	304
3	Electrical Machines	MW				
4	Gas Turbine @@	MW				
5	Super Rapid Gun Mounts	NOS	3	3	2	2

* 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 are for respective products, 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 - HARDWAR

1	Steel Castings	MT	6000	6000	4256	4416
2	Steel Forging					
	(a) Steel Forgings (Heavy)	MT	2410	2410	768	646
	(b) Medium Forgings (Medium)	MT	3000	3000	2297	2161
3	Billets and Blooms	MT	4000	4000	169	521
4	N F Casting	MT	250	250	52	46

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

HYDERABAD

1	Steam Turbines	MW	1140	695	1118.87	1156
2	Generators	MW	1947	1360	1971.06	1630
3	Gas Turbine	MW	992	480	999.1	396
4	Compressors	Nos	9	0	5	6
5	Pulverisers @@	Nos	63	63	124	96
6	Pumps @	Nos	187	126	201	200
7	Breakers ###	Nos	1035	1035	305	309
8	Heat Exchangers #	Nos	137	137	186	155
9	Oil Rigs ##	Nos	5	0	22	10
10	Drive Turbines	Nos	10	0	16	0

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 - BANGALORE

1	Control Equipments	CUBICLE	4300	2500	4073	3058
2	Power Devices	Nos.	12000	12000	18214	14994
3	Photovoltaics	KWS	2000	2000	1203	1155
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

SL No.	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION	
			2008-09	2007-08	2008-09	2007-08
TIRUCHY						
			+	+	+	+
1	Boilers	MT	411497 *A	108000 *A	439187	305423
2	Valves	MT Nos	5728 **	2712 **	126719	115674
3	Nuclear Steam Generating Equipments	MW	382/500	382/500	XXX	XX
4	Seamless Steel Tubes	MT	40000	40000	32851	30043
5	Armoured Recovery Vehicles	Nos.	25	25		
+ 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.						
XX The capacity was utilised for manufacturing components for Nuclear Projects and other Heat Exchangers, Pressure Vessels and components of boilers. 1 Nos. Reheater Tube Bank, Thermal baffle were manufactured during 2007-08.						
XXX The capacity was utilised for manufacturing components for nuclear Projects & other Heat Exchangers, Pressure Vessels and components of fossil boilers.						
BAP - RANIPET						
1	Boiler Auxiliaries	MT	178610	118000	184550	152028
IVP - GOINDWAL						
1	Industrial Valves & Valves Spares	MT Nos.	788	788	1288 9723	1300 8005
EPD - BANGALORE						
1	Insulators & Bushings	CMT	6250	6250	6873	6876
2	Assembled Production	MT			10741	10861
3	Ceralin	CMT	745	745	1057	1040
4	Ceralin (Assembled)	MT			2609	2734
IP - JAGDISHPUR						
1	Insulators	CMT	6000	6000	7021.67	6798.31
2	Ceralin	MT	330	330	843.44	705.00
3	Ceralin(Assembled)	MT			2093.59	1752.55
CFP - RUDRAPUR						
1	S W H S	Nos.	4000	4000	279	2241
2	Solar Lanterns	Nos.	10000	10000	12	1531
3	Bus Duct	MT	150	100	442	

Other information required by Schedule VI of the Companies Act, 1956 (Contd.)

(Rs. in Crore)

	For the year ended 31.03.2009	For the year ended 31.03.2008
C. Value of imports		
CIF basis		
Raw materials	3386.60	2264.65
Components and spare parts	1991.02	941.97
Capital goods	408.15	188.52
D. Expenditure in foreign currency		
Royalty	32.17	24.78
Know-how	0.97	0.90
Professional & Consultation fees	0.03	0.03
Interest and others (incl. on foreign sites)	223.6	183.33
Dividend : @		
a) number of non-resident shareholders	5619	2976
b) number of shares held	84726491	96127366
c) gross amount of dividend	52.95	57.68
d) year to which dividend relates	2007-08	2006-07
Interim Dividend : @	(Final Dividend)	(Final Dividend)
a) number of non-resident shareholders	6228	4502
b) number of shares held	79692146	90667774
c) gross amount of dividend	79.69	81.60
d) year to which dividend relates	2008-09	2007-08
	(Interim Dividend)	(Interim Dividend)
E. Value of consumption of raw materials, components, stores & spare parts.		
#Imported (including custom duty)	4335.64	2884.22
Indigenous	11251.79	7516.47
Percentage of total consumption		
Imported	28	28
Indigenous	72	72
F. Earnings in foreign exchange		
Export of goods (FOB basis) **	1569.74	817.53
Interest	0.06	0.02
Erection & other services **	196.55	119.70
Miscellaneous	18.19	1.84

@ The company has not made any remittance of dividend in foreign currency. The payments have been made to the Bankers/Power of Attorney holders of non-resident shareholders and as such the exact amount of dividend remitted by them in foreign currency cannot be ascertained.

** This does not include Rs. 3240.78 Crore (previous year Rs. 1547.15 crore) on account of deemed exports.

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)

Group of materials	Units	For the year ended 31.03.2009		For the year ended 31.03.2008	
		Quantity	Value	Quantity	Value
Ferrous materials					
	MT	544168		427776	
	Meters	16006228		10080453	
	Nos	2955895		2560943	
	Sq.M	345		954	
	Kg.	63345467		54714008	
	Others	1437		6	
			4663.55		2750.26
Non-ferrous materials					
	MT	18966		8015	
	Meters	420174		187237	
	Nos	238239		176089	
	Sq.M.	0		0	
	Kg.	6203344		6360530	
	RL	22542		21318	
	Others	6		0	
			339.20		409.04
Insulating materials					
	Meters	59890934		51230918	
	MT	3512		15981	
	Nos	524867		738212	
	Sq.M.	1252309		1080986	
	Kg	1161248		1245067	
	LT	5965489		7672039	
	RL	151914		186962	
	M2	48871		121685	
	KL	0		136	
	ST	529		15	
	Others	661		1594	
			187.64		181.01
Insulated cables and Magnet wires					
	Meters	2729723		1965332	
	Nos	92280		11902	
	Kg	8267		10219	
	Others	0		0	
			45.08		27.98
Components			8385.99		5591.03
Others			1527.48		1109.99
			15148.94		10069.31

Balance Sheet Abstract and Company's General Business Profile

i) Registration details :

Registration No.

0	0	4	2	8	1
---	---	---	---	---	---

Balance Sheet

State Code

5	5
---	---

3	1	0	3	0	9
---	---	---	---	---	---

Date Month Year

ii) Capital raised during the year (Amount in Rs. Crore)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

iii) Position of mobilisation and deployment of funds (Amount in Rs. Crore)

<p style="text-align: center;">Total Liabilities</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>4</td><td>1</td><td>4</td><td>2</td><td>1</td><td>.</td><td>0</td><td>8</td></tr></table> <p>Sources of Funds</p> <p style="text-align: center;">Paid Up Capital</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>4</td><td>8</td><td>9</td><td>.</td><td>5</td><td>2</td></tr></table> <p style="text-align: center;">Secured Loans</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>N</td><td>I</td><td>L</td></tr></table> <p>Application of Funds</p> <p style="text-align: center;">Net Fixed Assets*</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>2</td><td>6</td><td>2</td><td>7</td><td>.</td><td>3</td><td>7</td></tr></table> <p style="text-align: center;">Net Current Assets</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>8</td><td>5</td><td>6</td><td>8</td><td>.</td><td>1</td><td>7</td></tr></table> <p style="text-align: center;">Accumulated Losses</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	4	1	4	2	1	.	0	8	4	8	9	.	5	2	N	I	L	2	6	2	7	.	3	7	8	5	6	8	.	1	7	N	I	L	<p style="text-align: center;">Total Assets</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>4</td><td>1</td><td>4</td><td>2</td><td>1</td><td>.</td><td>0</td><td>8</td></tr></table> <p>Reserves & Surplus</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>1</td><td>2</td><td>4</td><td>4</td><td>9</td><td>.</td><td>2</td><td>9</td></tr></table> <p>Unsecured Loans</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>1</td><td>4</td><td>9</td><td>.</td><td>3</td><td>7</td></tr></table> <p>Investments</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>5</td><td>2</td><td>.</td><td>3</td><td>4</td></tr></table> <p>Misc. Expenditure (Deferred Revenue Exp.)</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>N</td><td>I</td><td>L</td></tr></table> <p>Deferred Tax Assets</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>1</td><td>8</td><td>4</td><td>0</td><td>.</td><td>3</td><td>0</td></tr></table>	4	1	4	2	1	.	0	8	1	2	4	4	9	.	2	9	1	4	9	.	3	7	5	2	.	3	4	N	I	L	1	8	4	0	.	3	0
4	1	4	2	1	.	0	8																																																																	
4	8	9	.	5	2																																																																			
N	I	L																																																																						
2	6	2	7	.	3	7																																																																		
8	5	6	8	.	1	7																																																																		
N	I	L																																																																						
4	1	4	2	1	.	0	8																																																																	
1	2	4	4	9	.	2	9																																																																	
1	4	9	.	3	7																																																																			
5	2	.	3	4																																																																				
N	I	L																																																																						
1	8	4	0	.	3	0																																																																		

* It includes Capital WIP Rs. 1156.97 Crore

iv) Performance of Company (Amount in Rs. crore)

<p style="text-align: center;">Turnover *</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>2</td><td>8</td><td>0</td><td>3</td><td>3</td><td>.</td><td>1</td><td>9</td></tr></table> <p style="text-align: center;">Profit Before Tax</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>4</td><td>8</td><td>4</td><td>8</td><td>.</td><td>8</td><td>5</td></tr></table> <p style="text-align: center;">Earning Per Share in Rs.</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>6</td><td>4</td><td>.</td><td>1</td><td>1</td></tr></table>	2	8	0	3	3	.	1	9	4	8	4	8	.	8	5	6	4	.	1	1	<p style="text-align: center;">Total Expenditure</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>2</td><td>4</td><td>0</td><td>1</td><td>2</td><td>.</td><td>3</td><td>8</td></tr></table> <p style="text-align: center;">Profit After Tax</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>3</td><td>1</td><td>3</td><td>8</td><td>.</td><td>2</td><td>1</td></tr></table> <p style="text-align: center;">Dividend rate</p>	2	4	0	1	2	.	3	8	3	1	3	8	.	2	1
2	8	0	3	3	.	1	9																													
4	8	4	8	.	8	5																														
6	4	.	1	1																																
2	4	0	1	2	.	3	8																													
3	1	3	8	.	2	1																														

* Inclusive of Excise Duty & Service Tax Rs. 1820.86 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. 28861.23 Crore as against total expenditure.

- 1) Interim dividend @ 90% (Rs. 9 per share) of paid up capital of Rs. 489.52 Crore.
- 2) Proposed Final dividend @ 80% (Rs. 8 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 : Boilers other than parts
2. Item Code No. :

8	5	0	2	3	9	0	2
---	---	---	---	---	---	---	---

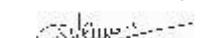
(ITC Code)
Product Description : Complete generating sets including hydro turbines
3. Item Code No. :

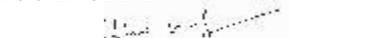
8	4	1	1	8	2	0	6
---	---	---	---	---	---	---	---

(ITC Code)
Product Description : Gas turbine of thrust exceeding 115000 KW.

For and on behalf of Board of Directors

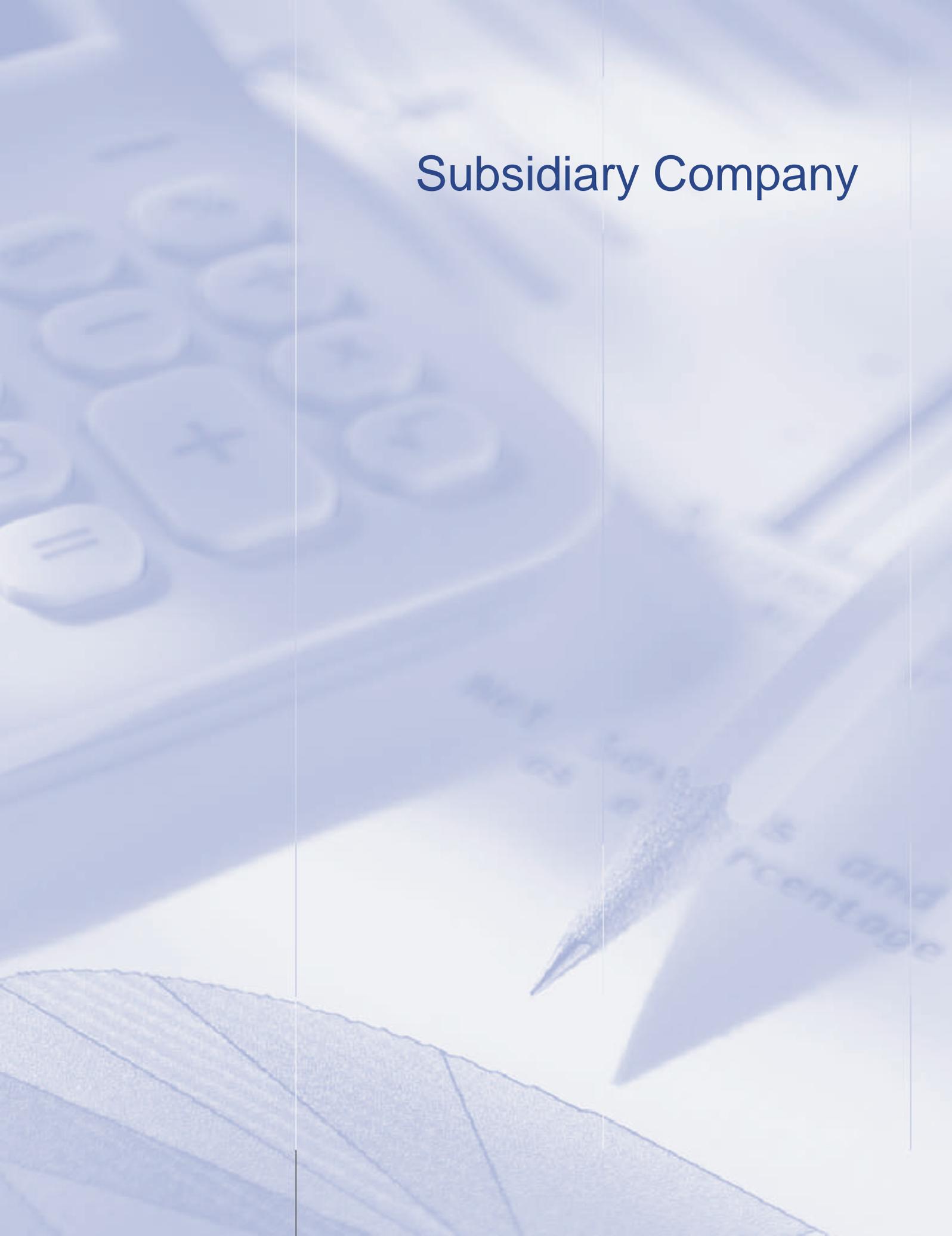

(I.P. Singh)
Secretary


(C.S. Verma)
Director (Finance)


(K. Ravi Kumar)
Chairman and Managing Director

Place : New Delhi
Date : May 27, 2009

Subsidiary Company



Directors' Report

To,

The Shareholders
Bharat Heavy Plate and Vessels Limited,
Visakhapatnam

The Directors are presenting the 43rd Annual Report together with the audited accounts of the company for the year ended 31st March 2009.

SALES:

The company achieved a Sales turnover of Rs. 84.39 Crore against Rs.180.30 Crore in the previous year.

FINANCIAL PERFORMANCE

The salient features of financial performance of the Company for the year are as follows:

	(Rs. in Crore)	
	2008-2009	2007-2008
1. Sales Turnover	84.39	180.30
2. Gross Margin	(-) 113.63	(-) 43.46
3. Interest	11.04	10.97
4. Depreciation	8.48	1.46
5. Profit/loss before tax (without waivers)	(-) 133.15	(-) 55.89
6. Profit / Loss before tax (with waivers)	96.93	(-) 55.89
7. Profit / Loss after tax	96.36	(-) 56.05

The Gross Margin for the Year 2008-09 works out to Rs. (-) 113.63 Crore (as against Rs. (-) 43.46 Crore in previous year). The profit / Loss (before tax) for the year 2008-09 is Rs. (-) 133.15 Crore (as against Rs. (-) 55.89 Crore in previous year), without considering the impact on account of waiver of interest by GOI Banks and other waivers. After considering the impact on account of waiver of interest by GOI (Rs.190.81 Crore), Banks and other waivers (Rs. 38.27 Crore), the profit/loss (after tax) is Rs. 96.36 Crore as against Rs. (-) 56.05 Crore during the previous year. Your company could achieve the above performance despite insufficient order book position, change of Accounting policies and other factors.

CONTRIBUTION TO EXCHEQUER

Your Company contributed to the public Exchequer a revenue of Rs.18.72 Crore during the year 2008-09 as per

the details given below.

	(Rs. in Crore)
Excise Duty	7.95
Custom Duty	0.79
Sales Tax	9.40
Income Tax/FBT	0.57
	18.72

ORDER BOOK

The Company has faced many problems in regard to order inflow because of delays in execution of orders for want of working capital, imposition of 'Holiday list' by EIL etc. The competition from within and out-side the country made the order book position of the Company critical during the year under review. However, your Company could obtain orders mainly from, CPCL-Chennai, DCIL, ADA-Bangalore, NALCO-Damanjode, HPCL-Vizag & MUMBAI, in addition to Boiler & other orders from BHEL, Trichy & other units of BHEL. The order Booking was registered at Rs.126.16 Crore for the year (against Rs.130.88 crore in the year 2007-08) and the orders in hand as on 31.03.2009 were worth Rs.235.73 Crore. 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 B.B. Singh, Director, DHI was appointed as Part-time official Director on the Board of BHPV with effect from 14.08.2008.
- Shri R.P. Goyal, Director, DHI was appointed as Part-time official Director on the Board of BHPV with effect from 23.02.2009.
- Shri Shashank Goel, Director, DHI was appointed as Part-time official Director on the Board of BHPV with effect from 17.08.2009.

CESSATION

- Shri A.K. Jain, CMD BYNL, ceased to be Director of the company with effect from 11.06.2008.
- Shri R.P. Goyal, Director, DHI ceased to be Part-time official Director of the company with effect from 14.08.2008.

- Shri B.B. Singh, Director, DHI ceased to be Part-time official Director of the company with effect from 23.02.2009.
- Shri R.P. Goyal, Director, DHI ceased to be Part-time official Director of the company with effect from 17.08.2009.

OFFICIAL LANGUAGE IMPLEMENTATION

During the year 2008-09, 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.

110 employees were trained in Hindi Prabodh, Praveen and Pragya classes. One increment for one year was given to the employees on passing Hindi Pragya examination.

Two Hindi workshops on official Noting & Drafting were conducted for the benefit of 60 employees, who got working knowledge in Hindi.

Hindi day was celebrated on 13th September '08. Different Hindi competitions were conducted among employees and Hindi library was inaugurated separately in Administration building of the company on the occasion. Cash Awards and Merit certificates were given to those employees who passed Hindi examinations.

Hindi Books worth of Rs.5000/- were purchased during the year. Three Hindi magazines are being procured and distributed regularly. All employees of the Organization are being greeted on their birthday with Special Greeting Cards in Bilingual form. Official Language implementation Committee Meetings are being conducted regularly and quarterly reports are sent to the Dept. of official Language, Ministry of Home Affairs and TOLIC.

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. 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 are complied with.

QUALITY

Your Company continues to have appreciation from customers for the high Quality of its products. Third surveillance audit of ISO 9001 was successfully completed during the year 2008-09.

ANCILLARIES

The total output by the ancillaries for the year under review is Rs. 80 Lakhs as against Rs. NIL in the previous year. However, efforts are being made to further develop Ancillaries during the current year to meet increased business requirement in the coming years.

FOREIGN TOURS

During the year an expenditure of Rs. NIL (as against Rs.0.90 lakh in last year) 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, which came into effect from 13-12-2000, your Directors wish to place on record that;

- In the preparation of annual accounts, 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 are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year 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 have been prepared on a 'going concern' basis.

CORPORATE GOVERNANCE

The Department of Public Enterprises have introduced Corporate Governance Guidelines for Central Public sector Enterprises. As per office Memorandum dt. 22-06-2007, these guidelines, though voluntary in nature, should be followed by all CPSEs. As compliance, the report on the Corporate Governance and Statutory Auditor's certificate on Corporate Governance are enclosed as Annexures.

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 in two number of plate bending machines. Repair of panel processing Machine was taken up to improve the working of the Machines and their power factor. Replaced old compressors in the Air Conditioners with energy saving compressors in phased manner to reduce electricity consumption.
- Process initiated to retrofit/recondition power consuming Motor Generator sets of various machines with power saving AC/DC drives, controlling the consumption of power with minimum lights and fans in offices, bunching of furnace operations etc. Introduced more number of internet/e-mail facilities to reduce telephone expenditure and to improve communication facilities.

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:

- During the period 2008-09, R&D continued execution of its projects of fabrication, testing and supply of Compact Heat Exchangers for Limited Series Production (LSP) of Tejas aircraft. During the year, 6 nos. of Compact Heat Exchangers worth Rs.64.83 Lakh were fabricated, tested and delivered to ADA, Bangalore.
- During the period 2008-09 R&D has successfully fabricated, tested and supplied 2 nos. of Precooler units worth Rs.28.20 Lakh for Tejas aircraft, to ADA, Bangalore.
- R&D, apart from above is engaged in the manufacturing, testing, inspection and supply of Compact Heat Exchangers of Tejas aircraft against the Series Production order from M/s. HAL,

Bangalore. During the period 2008-09 R&D manufactured, tested, inspected and supplied 8 nos of Compact Heat Exchangers worth Rs.74.90 Lakh to M/s. HAL.

- Orders received during the period:
 - ❖ Fabrication, testing and supply of 10 Nos. Precoolers and 8 Nos. FADEC Coolers worth Rs.227.00 Lakh for Tejas aircraft from M/s. ADA, Bangalore.

BHPV has been awarded Type Approval Certificates for 8 types of Compact Heat Exchangers developed by R&D for the Indian Light Combat Aircraft 'Tejas' on 30th March, 2009 which have undergone and passed all the mandatory flight qualification Tests to prove their airworthiness. Thus these 8 type of exchangers have met all technical requirements mandated by the relevant Military standards. This is a unique achievement by any organization in the country. With this Type Approval, BHPV is identified as the sole manufacturer of Compact Heat Exchangers for the 'Tejas' in India.

TECHNOLOGY UPGRADATION

Company developed technology for fabrication of Titanium Dished end for Vikram Sarabai Space centre, Tiruvananthapuram which involved very critical operations for maintaining of extremely close dimensional tolerances during hot forming of Titanium materials. Also its dished end has surface of 12mm thickness, which is very critical to form. For undertaking this job, special tools were developed by the Company on its own. Your company is also entering into MoUs, on case to case basis with various reputed organizations to obtain engineering and technology back-up. 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.3.95 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 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

Though your Company does not contribute to pollution on its own, is aware of its responsibility towards the ill effects caused through pollution. Your Company therefore, takes various measures to maintain clean & hygienic environment in and around factory premises. A large green belt is maintained in the factory and township.

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 authorizing the Company to operate the plant have been obtained from AP Pollution Control Board valid upto 30.04.2010.

AUDITORS

M/s Murthy Associates, Chartered Accountants, Visakhapatnam were appointed as the Statutory Auditors of the Company for the year 2008-09. The audited accounts of the Company were presented to the C & AG under Sec.619 of the Companies Act 1956.

Replies to the comments of the Auditors have been furnished in the explanatory notes forming part of the Accounts for the year. A copy of the same is placed as Annexure to this Report.

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 2009, 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.,

Sd/-

Shashank Goel

Director

Sd/-

Om Prakash

Managing Director

Place : New Delhi/Vishakhapatnam

Date : August 17, 2009

Management Discussions and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENT:

The Company was established in the year 1966 and is an Engineering Industry essentially established to cater 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 under review, the Ministry of Heavy Industries & Public Enterprises, Government of India vide its letter No.F.No.1(ii)/2004-PE) iv) dt.07.05.2008 conveyed approval for reviving the BHPV through take over by BHEL as its subsidiary. The takeover was officially announced on 10-05-2008. The company has now initiated planned Investment towards Up-gradation, Capital expenditure for plants & equipments and Infrastructure. Strategic tie-ups are being entered into, for BHEL's total support to enhance Industrial Boiler capability, sharing the load of other plants of BHEL and to cater the need of Industrial Boilers & HRSGs.

OPPORTUNITIES AND THREATS:

OPPORTUNITIES

The Industry has the potential for high growth and the Opportunities for the Company are Hub for Industrial boilers for BHEL, Power Plant Components to BHEL and meeting demands in BHPV's existing portfolio.

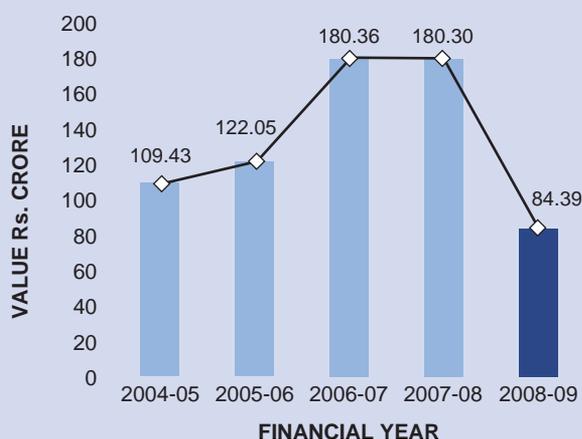
THREATS

- i) Stiff competition from private players,
- ii) National and International, Domestic players under-quoting for conventional jobs.
- iii) Raising customer expectations.
- iv) Stringent delivery conditions.
- v) Drain of talented manpower due to low compensation.

PERFORMANCE

	(Rs. in Crore)	
	2008-2009	2007-2008
1. Turnover	84.39	180.30
2. Value Added	11.24	39.26
3. Capital Employed	8.45	71.73
4. Gross Block	79.99	79.76
5. Net Block	5.23	13.48
6. Working Capital	3.22	58.25
7. Net Worth	(-) 229.95	(-) 576.74
8. Interest	11.04	10.97
Ratios:		
PBDIT as a percentage of Turnover (without waiver)	(-) 133.88	(-) 24.10
PAT as percentage of Turnover (without waiver)	(-) 114.18	(-) 31.09
Value Added as a % of GTO (net of ED)	13.32	21.77

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) 160 Nos. of SS Clad shell segments torricones, dished end petals of dia 6.2Mts to 9.2 Mts of weight approx. 400MT required for Vacuum Column and Crude column were supplied to M/s BORL (Bina) progressively within 6 months from Apr-2008 to Aug-2008. These segments were pre-fabricated, trial assembled and sent to site in knocked-down condition to facilitate easy fabrication and completion of Columns at site.
- (ii) 3 Sets of Mill Bodies (D.E., NDE, Intermediate) of weight 120MT required for Ball Mills were supplied to M/s. BHEL (Hyd). This consists of 100 thk Flanges to be made from plate and 36tk shells, Welding of Cheeks with PWHT.
- (iii) 1 No. stack in 3 sections was supplied with refractory to HPCL (Vizag) Boilers.
- (iv) 600MT of Riser pipes, Water wall panels, ADPC piping & Headers were supplied to M/s. BHEL (Trichy) for the first time in BHPV.
- (v) Model clad top section of Crude Column Weight 40MT in complete fabricated condition with monel internals involving critical monel welding was supplied to BORL (Bina).

In addition to the above, on the External Services Front the Company has accomplished the following:

- (i) Site work of fired heaters 6 Nos. i.e., NSU Re Boiler, CCR Charge heater and Inter heaters 1 & 2, Naptha Hydro treater charge heater, NHDT Reactor Feed heater and prime reactor. Feed heater including burner piping, Refractory application and dry out completed at M/s.HPCL–Mumbai S.O: 7259-64.
- (ii) Mechanical completion of 2 x 100 TPH Boilers Including hydraulic test of boiler proper, external piping, application of refractory and insulation at M/s. HPCL – Mumbai S.O:7272
- (iii) Construction of RCC Chimney of Size 88 M long x 7.6 M/4.5 M diameter, by Slip form method, with inside brick lining and acid brick lining at the top for 2 x 100 TPH Boilers at M/s.HPCL–Mumbai Completed.
- (iv) Site work of Fired heaters package – I i.e., CCR Charge heater and inter heaters 1,2 & 3 including

burner piping, refractory application and dry out completed at M/s.HPCL– Visakhapatnam - S.O: 7269.

- (v) Site work Fired heaters package-II i.e., NHT Charge heater, NHT Splitter Re boiler, HDT Reactor feed heater including burner piping, refractory application and dry out completed at M/s.HPCL–Visakhapatnam S.O: 7266, 7267 and 7268.
- (vi) Site fabrication, erection and hydraulic testing of crude Column having length 65 M, diameter 6.2 M, weighing 282 MT and Vacuum Column having length 62 M, diameter 9.2 M, weighing 483 MT are completed at M/s BORL – Bina S.O: 2327.

OUTLOOK

The Out look of the company are diversification in business - power plant components for BHEL, Process plant jobs in existing portfolio of BHPV, Industrial boilers & HRSG packages, Human Resources Development and up-gradation of existing facilities and creation of new facilities.

AS PER MoU 2009-10 THE TARGETTED PERFORMANCE PARAMETERS :

Order Booking	:	Rs.316.00 crore
Sales/Turnover	:	Rs.210.00 crore
Profit before Tax	:	Rs.(-) 62.29 crore

RISKS AND CONCERNS

- Coming out of 'Holiday List' of EIL for improvement of order booking.
- Up-gradation of manufacturing facilities for existing and diversified business and requirement of Capex for the same.
- Support of BHEL to meet working capital and other funds requirement.
- Speedy completion of existing Projects to gain customer confidence
- Raising funds through floating bonds for Rs.250 crore with GOI Guarantee
- Human Resource development

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has an Internal Audit Department for conducting the audit with well 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 2009, was 1370 as against 1458 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 11 in-company-training programs covering 363 employees. These programs included, 5 weeks EOT crane operators training program on the eve of "60th year of the Factories Act in the State of Andhra Pradesh." One program was conducted on "Quality of Life" by Central Board of workers Education for the employees and their spouses

2) Outstation training programs:

46 Employees were sponsored to 21 outstation training programs during the year.

Health Awareness program for BHPV Ladies club members was organized. Talks were arranged by eminent persons from local bodies/Industries during the Vigilance/Safety awareness week celebration.

In addition to the above, Productivity Week and Safety Awareness Weeks were celebrated. Talks were

arranged by eminent persons from local Industries.

Industrial relations in the organization continued to be harmonious and cordial and no man-days were lost either due to strike or lockouts. 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.

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.

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 have been organized and Blood donated to Medical Red Cross Society. The Company is contributing towards development in and around the plant particularly in the areas of education, health care and pollution 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.

Corporate Governance Report

Preamble:

Corporate Governance is the set of policies, process, customs and laws in which a Company is directed, governed and controlled. It deals with issues of accountability and fiduciary duty, advocating implementation of guidelines and mechanism to ensure good corporate behaviour and to protect the interests of the stakeholders. The stakeholders are the Shareholders, Customers, Employees, Government, Suppliers, Bankers and Society at large.

Philosophy:

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing the value of all those who are associated with the Company. The Company has consistently sought to improve its focus on increasing transparency and accountability. The Infrastructural arrangements required for implementation of Right to information Act, 2005, such as, appointment of Public Information Officer, Assistant Public Information Officer and Appellate Authority etc are in place. BHPV provides appropriate access to information to the citizens of

India under the provisions of the Right to information Act, 2005.

Board of Directors:

In accordance with the provisions of the Articles of Association, the number of Directors of the Company shall neither be less than three nor more than ten, as amended from time to time. 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 Board consists of four Directors which is classified into three classes viz. (i) Functional Directors (ii) Part-time official Directors (iii) Part-time Non-official Directors. The remuneration of Executive/Functional Directors (whole time) is paid monthly as fixed 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.

Details Showing the Attendance of Directors During the year 2008-09 are given below:

S. No	Name of Directors	Category / Period	Total No. of Board Meetings Held	Meetings Attended	Whether attended AGM	No. of other Directorships held
1	Shri A.K. Jain	Chairman / From 11.09.2006 (A/N) To 11.06.2008	4	1	-	6
2	Shri Om Prakash	MD / From 22.12.2005	4	4	Yes	NIL
3	Shri B.B. Singh	Part time Official (Govt Director)/ From 14.08.2008 Till 23.02.2009	4	2	-	1
4	Shri R.P. Goyal	Part time Official (Govt Director)/ From 17.12.2007 To 14.08.2008 & Again from 23.02.2009	4	2	-	NIL
5	Dr V. Bakthavatsalam	Part time Non-Official (Independent) / From 14.03.2007	4	1	-	3
6.	Shri Probir Roy	Part time Non-Official (Independent) / From 19.03.2007	4	2	-	5

Audit Committee:

During the year the Audit Committee was reconstituted (on Appointment of Shri B.B. Singh as part-time official Director representing the Government of India, Department of Heavy Industries from 14.08.2008 on the Board in place of Shri R.P. Goyal) with Dr. V. Bakthavatsalam, Non official part-time Director (Independent Director) as Chairman, Shri Probir Roy, Independent Director, Shri Om Prakash, Managing Director, Shri B.B. Singh, part time official Director representing the Government of India, Department of Heavy Industries as members. The Head Finance, Internal Auditor are Special Invitees. The representatives of external (Statutory) Auditors are also invited as and when required. The Audit Committee meeting was held on 15.09.2008. 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 again reconstituted and the meeting was held on 24.03.2009. Two meetings of the Audit committee were held during the year under review. The Annual Accounts of 2008-09 were placed before the Audit committee to approve & recommend to the Board of Directors of the Company for approval in its meeting held on 15-05-2009.

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:

Vide letter No- F.No-1 (11)/2004-PE(IV) Dt.07.05.2008 of the Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industries, BHPV has been taken over by BHEL as a fully owned subsidiary. BHPV does not have any subsidiary company.

Disclosures:

The Directors are disclosing their interest regularly as per the provisions of Sec.299 in the Form.24AA prescribed as per Companies Act, 1956. 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.

As the Company is the Non-listed Central Public Sector Enterprise the requirements of the SEBI and Stock Exchanges or provisions of the listing are not applicable. BHEL a listed company has taken over BHPV as its subsidiary vide DHI order No: F.No.-I(II) 2004-PE-(IV) dated 07.05.2008. During the year under review the company complied the subsidiary company requirements of BHEL as per listing agreement.

The Company is ensuring to make appropriate disclosures, comply with various laws to maintain ethical standards. 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 website. 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.

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, 2009 as stipulated in 'Guidelines of Corporate Governance for Central Public Sector Enterprises, 2007' vide Notification No. 18 (8)/2008-GM dated 22.06.2007 of Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexure mentioned there under (hereinafter 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 the 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 as 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


R. RAJASEKHARA RAO

Partner

Dt. 18-06-2009



AUDITORS' REPORT

MANAGEMENT REPLY

To

The Members

**Bharat Heavy Plate & Vessels Limited
Visakhapatnam**

We have audited the attached Balance Sheet of BHARAT HEAVY PLATE & VESSELS LIMITED as at 31st March, 2009 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.

This report supersedes our earlier report dated 15th May, 2009

The accounts of the Company for the year ended 31st March, 2009, as approved by the Board of Directors and certified by us on 15th May, 2009 have been reviewed by the Member, Audit Board, Hyderabad and the present report is revised to incorporate certain further clarifications. In accordance with the provision of Section 227 of the Companies Act, 1946, we report that:

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Attention is drawn to:

- i. Note no. 26 of Schedule 19 regarding change in accounting policy relating to depreciation on fixed assets, resulting in decrease in profit for the year by Rs. 715 Lakhs.
- ii. Note no.26 of Schedule 19 regarding change in accounting policy/practice relating to Provision on Non-moving Stock resulting in decrease in profit for the year by Rs. 285 Lakhs.
- iii. Note no.26 of Schedule 19 regarding change in accounting policy/practice relating to valuation of WIP resulting in decrease in profit for the year by Rs.6 Lakhs.

Further to our comments in the Annexure referred to 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 those books;

- c) The Balance Sheet, 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, 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 other than:
- i) **Contrary to the provisions of Accounting Standard (AS-15), the provision of Liability towards Leave Encashment was made on accrual basis instead of valuing the same on actuarial valuation.**
 - ii) **Provision for Depreciation is made without making a technical assessment of useful lives of the assets, which is inconsistent with the Accounting Policy No.6.**
- 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.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon and subject to:
- a. **Non disclosure of Rs.66.28 lakhs as Contingent Liability, being penal charges levied and demanded by the Regional Provident Commissioner, which amount the Company has not acknowledged the same as a Debt.**
 - b. **Non provisioning of liability amounting to Rs.77.36 Crore in respect of Employees' Pay Revision arrears from 1st January 1997 to 31st March, 2009.**
- 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 Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

The Accounting Policy will be reviewed during 2009-10.

Due to paucity of time, the technical assessment made by Holding Company (BHEL) is used for providing depreciation for the year 2008-09, as the facilities are common in nature and used for similar products. However, fresh technical assessment will be done in 2009-10.

As we have sought waiver of penal damages, which has not been denied, the same is not included in contingent liabilities. However Audit comment will be reviewed in 2009-10.

As GOI guidelines (Office Memorandum No 2(49)/98-DPE(WC) Dated 25.06.1999), the liability for employees pay revision arrears from 01.01.1997 is not crystallised as at the end of March 2009.

For **MURTHY ASSOCIATES**
Chartered Accountants

Sd/-

K.L. NARASIMHAM

Partner

Membership No. 23694

Pan : ACOPK0690A

Place : Hyderabad

Date : 17th June, 2009

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 31 March 2009

The preparation of financial statements of Bharat Heavy Plate & Vessels Limited, Visakhapatnam for the year ended on 31 March 2009 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 the 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 Revised Audit Report dated 17 June, 2009.

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, Visakhapatnam for the year ended 31 March 2009. The 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 Revised Statutory Auditor's report under Section 619(4) of the Companies Act, 1956

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

Sd/-

(ROY MATHRANI)

Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board, Hyderabad

Place : Hyderabad

Date : 18 June 2009

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

- a) Assets manufactured and given on finance lease are recognised as sales at normal sale price / fair value / NPV.
- b) Finance income is recognised over the lease period.
- c) Initial direct costs are expensed at the commencement of lease.

(B) Assets Taken on Lease

- a) Assets taken on lease are capitalised at fair value / NPV / contracted price.
- b) 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.

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

(C) Operating Lease

a) 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.

(b) 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.

- 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 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	8.0 %	12%	16%
Automatic/Semi-Automatic machines			
Automatic Machines	10.0 %	15%	20%
Erection Equipment, capital Tools & Tackles	20.0 %		
Township Buildings			
- Second Class	2.5 %		
- Third Class	3.5 %		
Railway Sidings	8.0 %		
Locomotives & wagons	8.0 %		
Electrical Installations	8.0 %		
Office & Other equipments	8.0 %		
Drainage, Sewerage & water supply	3.34 %		
Processing Equipment	20.0 %		

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 its 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 completed
- (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 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.

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, 2009

(Rs.in thousands)

	Schedule	As at 31st March 2009		As at 31st March 2008	
SOURCES OF FUNDS					
Shareholders' Funds:					
Share Capital	1	337978		337978	
Reserves & Surplus	2	<u>201</u>	<u>338179</u>	<u>201</u>	<u>338179</u>
Loan Funds:					
Secured Loans	3		0		2181524
Unsecured Loans	4		<u>2383968</u>		<u>4303318</u>
	TOTAL		<u>2722147</u>		<u>6823021</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	799943		797608	
Less: Depreciation / Amortization to-date		<u>747685</u>		<u>662855</u>	
		52258		134753	
Less: Lease Adjustment Account		<u>0</u>		<u>0</u>	
Net Block		52258		134753	
Capital works-in-progress	6	<u>0</u>	<u>52258</u>	<u>104</u>	<u>134857</u>
Investments	7		131		131
Current Assets, Loans & Advances					
Current Assets	8				
Inventories		534782		484790	
Sundry Debtors		646283		954146	
Cash & Bank balances		44069		58557	
Other Current Assets		0		0	
Loans & Advances	9	<u>800673</u>		<u>1103914</u>	
		2025807		2601407	
Less: Current Liabilities and provisions					
Current Liabilities and provisions					
Current Liabilities	10	1828670		1838216	
Provisions	11	<u>164939</u>		<u>180690</u>	
Net Current Assets			32198		582501
Misc. Exp the extent not written off			0		256387
Profit and Loss Account Balance			<u>2637560</u>		<u>5849145</u>
	TOTAL		<u>2722147</u>		<u>6823021</u>
Notes to Accounts	19				

Schedules 1 to 19 & Significant accounting policies form an integral part of the accounts

For and on behalf of Board of Director

Sd/-
A.S.S.SARMA
Company Secretary

Sd/-
A.V.MANIKYA RAO
General Manager(Finance)

Sd/-
OM PRAKASH
Managing Director

As per our report of even date attached
For MURTHY ASSOCIATES
Chartered Accountants

Sd/-
R.RAJASEKHARA RAO
Partner
Membership No. 218345

Sd/-
R.P.GOYAL
Director

Place: New Delhi
Date: May 15, 2009

Profit and Loss Account for the year ended 31st March, 2009

(Rs.in thousands)

	Schedule	For the year ended 31st March 2009	For the year ended 31st March 2008
EARNINGS			
Turnover (Gross)	12	843945	1802996
Less: Excise Duty & Service Tax		79541	148693
Turnover (Net)		764404	1654303
Other Income	12A	64708	14786
Accretion(+)/Decretion(-) to work in progress & Finished Goods	13	59778	95542
		888890	1764631
OUTGOINGS			
Consumption Materials, Erection & Engg Exp	14	626271	1258123
Employees' Remuneration & Benefits	15	878450	390579
Other Expenses of Manufacture, Administration, Selling and Distribution	16	81922	85042
Provisions	17	432053	500607
Interest and Other Borrowing Costs	18	110364	109684
Depreciation & Amortisations	5	84829	14613
Less: Jobs done for internal use		0	0
		2213889	2358648
Profit before prior period items		-1324999	-594017
Add/ (Less) Prior Period Items (Net)	18A	-6536	35137
Interest Waived - GOI Loans		1908145	0
Interest Waived - Bank Loans		382713	0
Sales Tax Waived		9970	0
Profit/ Loss before Tax		969293	-558880
Less Provision for Taxation For Current Year (Incl. Wealth Tax Rs Nil Lakhs (Previous Year Rs Nil)			0
- Fringe Benefit Tax		2311	1605
- Deferred Tax For earlier years			
- Tax		3430	0
Profit / Loss after Tax		963552	-560485
Add: Balance of Profit/ Loss brought forward from last year Foreign project reserve brought back		-5849145	-5288660
		0	0
Less: Adj. to PL A/c bal on account of GOI loan waiver		2248033	
Adjusted PL A/c Balance		-3601112	
Profit/ Loss available for appropriation		-2637560	
Less: Appropriation			
- General Reserve		0	0
- Dividend (incl. Interim dividend of Rs Nil Previous Yr Rs Nil)		0	0
- Corporate dividend tax (incl Rs Nil Previous Yr Rs Nil)		0	0
Balance carried to Balance Sheet		-2637560	-5849145
Basic and Diluted Earning per share (in Rs) (Refer Schedule 19)			

For and on behalf of Board of Director

Sd/-
A.S.S.SARMA
Company Secretary

Sd/-
A.V.MANIKYA RAO
General Manager(Finance)

Sd/-
OM PRAKASH
Managing Director

As per our report of even date attached
For MURTHY ASSOCIATES
Chartered Accountants

Sd/-
R.RAJASEKHARA RAO
Partner
Membership No. 218345

Sd/-
R.P.GOYAL
Director

Place: New Delhi
Date: May 15, 2009

Cash Flow Statement for the year ended 31.03.2009

(Rs.in thousands)

DETAILS	Year ended 31.03.2009	Year ended 31.03.2008
Cash Flow from operating activities		
Net Profit for the year	963552	-560484
Adjustments for :-		
Depreciation charge for the year	84830	14246
	1048382	-546238
Adjustments for :-		
Increase/Decrease in inventory	-49992	-29789
Decrease in Loans & advances	303241	384322
Increase/Decrease in Debtors	307863	-239693
Increase/Decrease in Deferred Revenue Expenditure	256387	60297
Increase/Decrease in Liabilities	-9546	-93737
Increase/Decrease in Provisions	-15751	153537
	792202	234937
Net cash flow from Operating activities	1840584	-311301
Cash flow from investing activities		
Purchase of Fixed Assets	-2231	-5509
Increase/Decrease in investments	0	0
Net cash used in investing activities	-2231	-5509
Cash flow from financing activities		
Increase/ Decrease in Secured Loans	-2181524	8033
Increase/ Decrease in Unsecured Loans	-1919350	220808
Wiaver of GOI Loan	2248033	
	-1852841	228841
Net Cash generated from finance activities	-1852841	228841
Net increase in cash and cash equivalents	-14488	-87969
Cash and cash equivalents as at 1st April, 2008	58557	146526
Cash and cash equivalents as at 31st March, 2009	44069	58557

For and on behalf of Board of Director

Sd/-
A.S.S.SARMA
Company Secretary

Sd/-
A.V.MANIKYA RAO
General Manager(Finance)

Sd/-
OM PRAKASH
Managing Director

As per our report of even date attached
For MURTHY ASSOCIATES
Chartered Accountants

Sd/-
R.RAJASEKHARA RAO
Partner
Membership No. 218345

Sd/-
R.P.GOYAL
Director

Place: New Delhi
Date: May 15, 2009

Schedule 1 Share Capital

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Authorised :		
3,50,000 Equity Shares of Rs.1,000/- each	<u>350000</u>	<u>350000</u>
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).	<u>337978</u>	<u>337978</u>
TOTAL	337978	337978

Schedule 2 Reserves & Surplus

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Capital Reserve		
Opening Balance	201	201
Less: Deductions / Adjustments	<u>0</u>	<u>0</u>
	<u>201</u>	<u>201</u>
TOTAL	201	201

Schedule 3 Secured Loans

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Debentures / Bonds	0	0
From Financial Institutions / Banks	0	2181524
Packing credit / others	0	0
TOTAL	0	2181524

Schedule 4 Unsecured Loans

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Credits for Assets taken on lease (due within one year Rs Nil (previous year Rs Nil))	0	0
Bonds (Old Bonds)	48150	48150
- Interest accrued & due	105005	84380
Bonds (Sahara India Financial Corporation Ltd)	0	0
- Interest accrued & due	16078	14610
Loan from BHEL	1818923	
Advances from BHEL	340000	
- Interest accrued & due on Loan	55812	
Government of India Loans	0	2248033
- Interest accrued and due	0	1908145
TOTAL	2383968	4303318

Schedule 5 Fixed Assets

Rs in Thousands

Particulars	Gross Block			Cost As at 31.03.2009	Depreciation		Net Block		
	Cost As at 31.03.2008	Additions/ adjustments during the year	Deductions/ adjustments during the year		Lease adjustments Account	Depreciation/ Amortisation upto 31.03.2009	As at 31.03.2008	As at 31.03.2009	Depreciation/ Amortisation for the year
Factory / Office Complex									
Free Hold land (incl development exp)	1641	0	0	1641		0	1641	1641	0
Lease Hold land (incl development exp)									
Roads, Bridges, Culverts Buildings	100435	20	0	100455		85737	29303	14718	14605
Leasehold Buildings									
Drainage, sewerage, water supply	4423	0	0	4423		3425	621	998	-377
Railway sliding	1838	0	0	1838		1838	146	0	146
Locomotives & wagons	1661	0	0	1661		1510	711	151	560
Plant & Machinery	507406	703	0	508109		484613	8570	23496	-14224
Electronic data processing equipment	47115	773	0	47888		43089	35506	4799	31480
Electrical installations	15197	0	0	15197		15162	1671	35	1636
Construction Equipment	44268	0	0	44268		44268	31401	0	31401
Vehicles	4619	463	0	5082		4628	302	455	310
Furniture & Fixtures	20928	376	0	21304		19934	2903	1371	1909
Capital Expenditure									
Assets given on lease									
Office and other equip. taken on lease									
Intangible Assets									
- Internally developed									
- Software									
- Others									
Others									
- Software									
- Technical knowhow									
- Others									
	749532	2335	0	751867		704203	112775	47663	67446
Township									
Free Hold land (incl development exp)	768	0	0	768		0	768	768	0
Lease Hold land (incl development exp)									
Roads, Bridges, Culverts Buildings	40725	0	0	40725		37295	20662	3430	17232
Leasehold Buildings									
Drainage, sewerage, water supply	2157	0	0	2157		1760	347	397	-50
Plant & Machinery									
Electronic data processing equipment									
Electrical installations	3537	0	0	3537		3537	176	0	176
Vehicles									
Furniture & Fixtures	889	0	0	889		889	25	0	25
Office and other equip. taken on lease									
Fixed costing upto Rs 10000.00									
	48076	0	0	48076		43481	21978	4595	17384
Total of Factory and Township	797608	2335	0	799943		747685	134753	52258	84829
Previous Year	792100	5876	368	797608		662855	143492	134753	14613

Schedule 6 Capital Works-in-progress

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Machinery awaiting erection	0	104
TOTAL	0	104

Schedule 7 Investments (Un-quoted at Cost)

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Shares		
Trade:		
126 Equity shares of Rs.1000/- each (fully paid up) in M/s. Engg. Projects (I) Ltd	126	126
Non-Trade:		
250 Shares of Rs.10/- each (fully paid up) in BHPV Employees Consumers Coperative Stores Limited	2	2
10 Shares of Rs.50/- each (fully paid up) in Cuffe Parade Persopolis Premises Cooperative Socceity Ltd, Mumbai	1	1
20 Shares of Rs.50/- each (fullyPaid up) in Hill View Cooperative Housing Socceity Ltd, Mumbai	1	1
Share money paid in advance to M/s Rita Enterprises, Mumbai for allotment of 50 shares of Rs 10 each	1	1
Share money paid in advance to M/s Asish Enterprises Mumbai for allotment of 50 shares of Rs 10 each	0	0
	5	5
TOTAL	131	131

Schedule 8 Current Assets

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
INVENTORIES @		
(As certified by management)		
Stores and Spares		
- Production	25797	32285
- Fuel Stores	724	830
- Miscellaneous	18405	18058
	44926	51173
Raw material & Components	242498	251960
Materials-in-transit	53400	3222
Materials with Fabricators/Contractors	0	0
Loose Tools	2134	2034
Scrap (Estimated realisable value)	22095	30636
Finished Goods	17589	46413
Work-in-progress	256383	167781
	639025	553219
Less: Provision for Redundancy	104243	68429
@ Valued as per Significant Accounting Policy Number 8	534782	484790
SUNDRY DEBTORS		
Debts outstanding for a period exceeding 6 months		
Considered Good	25738	350033
Considered Doubtful	667071	350350
Other Debts	620545	604113
	1313354	1304496
Less: Provision for Doubtful Debts	667071	350350
(Other Debts includes Rs. 3424.47 lakhs deferred debts)		
(Previous year Rs. 2942.40 lakhs)		
TOTAL	646283	954146
CASH AND BANK BALANCES		
Cash in hand including Imprest, Franking M/c balance	1715	398
Balance with Scheduled Banks in Current Account	42354	58159
TOTAL	44069	58557
OTHER CURRENT ASSETS	0	0
SUMMARY OF CURRENT ASSETS		
Inventories	534782	484790
Sundry Debtors	646283	954146
Cash & Bank Balances	44069	58557
Other Current Assets	0	0
	1225134	1497493

Schedule 9 Loans and Advances

(Rs.in thousands)

	As at 31st March 2009		As at 31st March 2008	
LOANS				
Loans to Employees				
Loans to Others				
Interest accrued and or due on loans				
ADVANCES (Recoverable in cash or in kind or for value to be received)				
To Employees	23015		3439	
To Purchases	209933		109700	
To Others	0		0	
For Capital Exp	0	232948	0	113139
DEPOSITS				
Balance with Customs, Port Trust, Other Govt. Authorities	255111		183613	
With others	33123	288234	34404	218017
		521182		331156
Less: Provision for doubtful loans and advances		60990		69035
		460192		262121
OTHERS				
Prepaid Expenses		1108		1070
Claims and other recoverables:				
With Customers	203951		204466	
With Others	93192		127582	
	297143		332048	
Less: Provision for doubtful claims	246759	50384	223170	108878
Claims for R&D Projects	88478		197688	
Less Grants for R&D	81075	7403	167637	30051
Income Tax Refund due		109234		84950
Income tax deducted at source	16454		55703	
Less: Provision for Taxation	35	16419	35	55668
Works Contract Tax deducted at source		153000		133804
Accrued Income		567		425385
Interest Accrued on Deposits & others		2366		1987
TOTAL		800673		1103914

Schedule 10 Current Liabilities

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Acceptances	0	0
Sundry Creditors	181190	113929
Deposits from Contractors and others	84213	72468
Advances from Customers and others	452332	939431
Other Liabilities	1110935	712388
TOTAL	1828670	1838216

Schedule 11 Provisions

(Rs.in thousands)

	As at 31st March 2009	As at 31st March 2008
Provision for Taxation (Net of Income tax payments) (Previous year Rs Nil)	0	0
Dividend	0	0
Corporate Dividend Tax	0	0
Contractual Obligations	4821	17156
Retirement benefits	0	0
Others	160118	163534
TOTAL	164939	180690

Schedule 12 Turnover (Gross)

(Rs.in thousands)

	For the year ended 31st March 2009	For the year ended 31st March 2008
Sales less returns (incl. dispatches made to customer) (previous year NIL)	701911	1700211
Income from external erection & other services	142034	102785
Revenue from works contract	0	0
TOTAL	843945	1802996

Schedule 12A

a. Other Operational Income

(Rs.in thousands)

	For the year ended 31st March 2009	For the year ended 31st March 2008
Export Incentives	0	0
Rental Income on leased assets	0	0
Less: lease equalisation Income	0	0
Scrap (incl OB & CB adjustment)	29167	-2135
Receipts from sale / transfer of surplus stock	0	0
Others	34187	15188
TOTAL	63354	13053

b. Other Income

(Rs.in thousands)

	For the year ended 31st March 2009	For the year ended 31st March 2008
Profit from sale of fixed assets	0	0
Dividend on investments (Long term-trade)	0	0
Others (including grants from GOI or R&D projects)	0	0
TOTAL	0	0

c. Interest Income

(Rs.in thousands)

	For the year ended 31st March 2009	For the year ended 31st March 2008
From customers	0	0
From employees	0	0
From banks	642	38
Others	712	1695
TOTAL	1354	1733
TOTAL OTHER INCOME (a+b+c)	64708	14786

Schedule 13

Accretion/Decretion to Stock of Finished Goods and Work-in-progress and Scrap

(Rs.in thousands)

	For the year ended 31st March 2009		For the year ended 31st March 2008	
A. Work-in-Progress				
Closing balance	256383		167781	
Opening balance	167781	88602	86777	81004
B. Stock of Finished Goods:				
Closing balance	17589		46413	
Opening balance	46413	-28824	31875	14538
TOTAL (A+B)		59778		95542

Note:

Element of Excise Duty in Finished Goods:

Closing Stock	1412	5520
Opening Stock	5520	2634

Schedule 14

Consumption of Materials, Erection & Engineering Expenses

(Rs.in thousands)

	For the year ended 31st March 2009		For the year ended 31st March 2008	
Consumption of Raw Materials & Components	463997		1030424	
Consumption of Stores & spares	25635		18874	
Erection Expenses	136639		208825	
Engineering Expenses	0		0	
Total		626271		1258123

Schedule 15

Employees' Remuneration & Benefits

(Rs.in thousands)

	For the year ended 31st March 2009		For the year ended 31st March 2008	
Salaries, Wages, Bonus, Allowances and Other benefits	351076		243202	
Contribution to gratuity fund	187512		9696	
Contribution to Provident Fund and Other funds	26719		25753	
Group Insurance	0		0	
Staff Welfare Expenses	313143		111928	
TOTAL		878450		390579

(Rs.in thousands)
Previous year

	This Year		Previous year	
Managing Director				
Salary & Allowance	323		310	
Contribution to PF	36		33	
Reimbursement of Medical Expenses	11		134	

Besides the above, the Managing Director is also permitted to avail Company's transport on chargeable basis for his private use as per rules of the company.

Schedule 16

Other Expenses on Manufacturing, Administration, Selling and Distribution

(Rs.in thousands)

	For the year ended 31st March 2009		For the year ended 31st March 2008	
Resident Consultant Charges		0		0
Royalty, Technical Documentation & other consul. charges		0		0
Rent		85		232
Excise Duty		1412		5907
Power & fuel		25706		21727
Rates & taxes		2798		2161
Service Tax		0		0
Exchange Variation		0		0
Insurance		2003		2122
Repairs - Buildings	7320		5284	
Repairs - Plant & Machinery	2640		1177	
Repairs - Others	1452	11412	2009	8470
Other expenses in connection with export orders		47		0
Bad Debts and amounts written off		0		0
Carriage outward		350		334
Travelling & Conveyance		6687		5541
Miscellaneous expenses		31422		38548
Cash Discount		0		0
Liquidated Damages charged off		0		0
Donations		0		0
Corporate Social Expenses		0		0
Total		81922		85042
Repairs do not include on dept maint - plant	0		0	
Repairs do not include on dept maint - buildings	0		0	
Repairs do not include on dept maint - others	0	0	0	0
Agency commission - exports		0		0
Exp on R&D		5491		7029
Payment to Auditors (Net of service tax credit claimed)				
- Fees		135		70
- Expenses		46		44
- Income Tax matters (includes Rs Nil (Pr Yr Rs Nil) to auditors abroad		0		0
- Certification work (includes Rs Nil (Pr Yr Rs Nil) to auditors abroad		0		0
- Other Professional services (includes Rs Nil Pr Yr Rs Nil) to auditors abroad		0		0
Payment to Cost Auditors		0		0
Expenditure on Entertainment		0		0
Expenditure on Foreign Travel		0		0
(for Nil tours (previous year 1 tour)		0		100
Exp on Publicity & Public relations				
Salaries, Allowances, benefits	1501		1667	
Other expenses	692	2193	2381	4048
Directors Fees		148		82

Schedule 17 Provisions

(Rs.in thousands)

	For the year ended 31st March 2009		For the year ended 31st March 2008	
Doubtful Debts, Liquidated damages and Loans & Advance				
Created During the year	339260		281712	
Less: Written back during the year	19793	319467	129	281583
Contractual Obligations				
Created During the year	4821		8307	
Less: Written back during the year	23490	-18669	18305	-9998
Others				
Created During the year	131255		229022	
Less: Written back during the year	0	131255	0	229022
TOTAL		432053		500607

Schedule 18 Interest & Other Borrowing Costs

(Rs.in thousands)

	For the year ended 31st March 2009		For the year ended 31st March 2008	
Interest on:				
Bonds		22093		37780
Banks / Financial Institutions		973		56367
Others		87298		15537
TOTAL		110364		109684

Schedule 18A Prior Period Adjustments

(Rs.in thousands)

	For the year ended 31st March 2009		For the year ended 31st March 2008	
INCOME				
Sales less returns	0		0	
Operational income (others)	0		0	
Other Income (others)	0		0	
Interest Income (others)	0	0	0	0
EXPENDITURE				
Consumption of Raw material & components	654		3139	
Depreciation				
payment to Sub - Contractors				
Interest	5442		-34607	
Misc. expenses	440	6536	-3669	-35137
Proir period adjustments (Net)		-6536		35137

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 **NIL** (previous year **Nil**). The above includes for acquisition of intangible assets.
2. Land and Buildings include 386.73 Acres of land for which formal title transfer deeds have not been executed/ registered as on March 31, 2009. The Andhra Pradesh Government vide GO Nos MS 96 Dated 30.04.2007 and 696 Dated 03.10.2008 gifted the land to the company and waived the Registration Fee & Stamp Duty. The registration process is in progress.
3. The impact of providing 100% depreciation on fixed assets up to Rs 10000/- each on profit & Loss A/c is Rs 4.33 Lakhs. This includes Rs 3.11 Lakhs of depreciation provided on additions valuing up to Rs 10000/-
4. Sales and dispatches to the customers include:
 - (a) Sales based on provisional prices Nil (Previous Year NIL)
 - (b) Escalation claims raised Nil (Previous Year NIL)
 - (c) Escalation claims on accrual basis Nil (Previous Year NIL)
 - (d) Dispatches of equipment held on behalf of customers at their request for which payment has been received by the company Nil (Previous Year NIL)
5. Contingent Liabilities :
Claims against the company not acknowledged as debts include –
 - (a) Income Tax Appeals – Rs 1163.68 lakhs (Previous Year Rs 1176.43 lakhs) against which an amount of Rs 877 Lakhs was paid under protest / adjusted from refunds (Previous Year Rs 866.80 Lakhs).
 - (b) Sales Tax Demands - Rs 1583.89 lakhs (Previous Year Rs 5975.85 lakhs), against which Rs 938.32 lakhs was paid under protest/ Court orders (Previous Year Rs 1278.89 Lakhs)
 - (c) Excise duty demands - Rs.10546.02 lakhs (Previous Year Rs. 11307.92 lakhs), against which an amount of Rs.59.85 lakhs was paid under protest/ Court orders (Previous year Rs.59.85 lakhs)
 - (d) Custom duty demands – NIL
 - (e) Arbitration cases – Rs 3980.18 Lakhs (Previous Year Rs – Rs 4343.92 Lakhs)
 - (f) Liquidated damages- NIL
 - (g) Counter Claim by contractors – NIL
 - (h) Others (including disputed staff cases) - Rs 764.28 Lakhs (Previous Year Rs 4129.85 lakhs)
 - (i) Bank Guarantees outstanding as on 31.03.2009 – Rs 20.00 lakhs (Previous Year Rs 122.34 lakhs) as per AS-29 guidelines.
 - (j) Corporate guarantees outstanding as on 31.03.2009 – Rs 789.41 Lakhs (Previous Year Rs 487.91 lakhs)
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 NIL (Previous Year Rs NIL)
8. The amount of borrowing costs capitalized during the year are NIL (Previous Year Rs NIL)
9. Provision / contingent liability 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 Relation ship: Holding Company
 - B) Other Related Parties (Key Management Personnel)
Shri Om Prakash, Managing Director, BHPV Limited.

Rs in Lakhs			
SL	Nature of Transactions	Holding Company i.e. BHEL	Key Management Personnel
1	Purchase of goods	77.70	-
2	Sale of goods	544.22	-
3	Amounts Due to BHEL	26.21	-
4	Amounts Due from BHEL	173.28	-
5	Tour exp	1.12	-
6	Loans / Advances Taken	22214.73	-
7	Salary	-	3.70
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:
 - (a) Contract revenue recognized for the year Rs 6913.46 Lakhs
 - (b) Cost incurred and recognized profit (less recognized losses) – Rs 34074.10 Lakhs
 - (c) Amount of advance received – Rs 1972.04 Lakhs
 - (d) Amount of retentions (deferred debts) – Rs 3169.47 Lakhs
 - (e) In respect of dues from customers after appropriate netting off
Gross amount due from customers for the contract work as an asset Rs 4334.87 Lakhs
Gross amount due to customers for the contract work as a liability Rs 1229.79 Lakhs
 - (f) Contingencies – 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 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.
- (a) 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.
- (b) Accounting Standard 20 – Computation of Earning per share (EPS) is as below.
- | | | Rs Lakhs | |
|-------|---|--------------|-------------|
| Sl No | Description | 2008-09 | 2007-08 |
| 1 | No. of Shares | 337978 Nos | 337978 Nos |
| 2 | Profit / Loss before considering Extra Ordinary Items | (-) 13315.35 | (-) 5604.85 |
| 3 | EPS before considering Extra Ordinary Items | (-) 0.39 | (-) 0.02 |
| 4 | Profit / Loss after considering Extra Ordinary Items | 9635.52 | - |
| 5 | EPS after considering Extra Ordinary Items | 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 Venture.
- (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.
Information with regard to Part IV of Schedule VI of Companies Act, 1956 is enclosed.
17. The Company has complied with the provisions of AS 15 and consequently changed the system of making Gratuity and Leave salary from cash basis to Accrual basis. An amount of Rs 1667.11 Lakhs is Provided towards Gratuity based on actuarial calculations and Rs 944.51 Lakhs towards Leave Salary. Further, the entire un-adjusted DRE amounting to Rs 2563.87 Lakhs was also charged off during the year. The calculation of Gratuity as per Actuarial Valuation is as follows.

SL NO	Details of Provisions for Gratuity	Amount (Rs in Lakhs)
1	Opening Defined Benefit Obligation	1862.18
2	Interest Cost	148.97
3	Current Service Cost	58.13
4	Benefits Paid	(-) 212.06
5	Actuarial (Gains) / Losses on Obligation	(-) 190.11
6	Closing Defined Benefit Obligation	1667.11

18. Foreign Exchange Inflow & Outflow: Foreign Exchange Inflow is Nil (Previous Year NIL), Foreign Exchange Outflow is Rs 395.05 Lakhs (Previous Year Rs 3283.40 Lakhs) towards import of Raw Material.
19. The tools manufactured for internal use against specific work orders and which cannot be reused are treated as scrap and the realizable value amounting to Rs.262.30 lakhs (Previous year Rs. 292.56 lakhs) is brought into books of account.
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. 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 thousand.
22. 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.
23. The Company was taken over by BHEL as per the Department of Heavy Industries (Ministry of Heavy Industries and Public Enterprises) letter F.No. 1 (11) / 2004 – PE (IV) Dated 07.05.2008. Consequently the Company has become a subsidiary of M/s Bharat Heavy Electricals Limited with effect from 10-05-2008.
24. 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 2008-09, the Hearings have taken place on 29.08.2008, 15.01.2009 & 25.03.2009 before the Bench of BIFR. The company has to submit "Fully Tied Up Draft Rehabilitation Scheme (DRS)" to Operating Agency (OA) as per the directions of BIFR. Preparation of Fully Tied Up Draft Rehabilitation Scheme (DRS) is under progress.
25. As the Company is declared Sick Company by BIFR Vide Ref 503/2004, 'MAT' is not applicable as per Clause 2(vii) of Sec 115 JB of Income Tax Act, 1961 and hence not considered.
26. The Company has changed its Accounting Policies during the year (w.e.f. 10.05.2008) after acquisition by BHEL. The impact on account of change of accounting policies on Profit & Loss Account are as under.

Sl No	Description	Increase of Loss
1	Depreciation	Rs 715 Lakhs
2	Inventory Valuation	Rs 6 Lakhs
3	Provision for Redundancy	Rs 285 Lakhs

Quantitative & Other Data as Classified and Certified by Management for 2008-09

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	2054 (3227)	3032 (5417)	46 (107)	109 (276)	107 (44)	276 (91)
ii) CRYOGENIC PLANT & VESSELS	5 (2934)	6 (4711)	34 (0)	57 (0)	0 (24)	0 (82)
iii) INDUSTRIAL BOILERS	4070 (5410)	5402 (7902)	8 (233)	10 (188)	233 (56)	188 (146)
TOTAL	6128 (11571)	8439 (18030)	88 (340)	176 (464)	340 (124)	464 (319)

NOTE: Figures in brackets indicate previous year's figures

2. RAW MATERIAL , COMPONENTS AND STORES & TOOLS CONSUMED :

	2008-09		2007-08	
	QTY	VALUE (Rs in Lakh)	QTY.	VALUE (Rs in Lakh)
A. RAW MATERIAL AND COMPONENTS:				
1. CS Plate (IN TONNES)	1477	836	3559	1363
2. SS Plate (IN TONNES)	65	199	665	1899
3. CS TUBES (IN METERS)	14253	146	34474	471
4. SS TUBES (IN METERS)	791	41	2171	39
5. HE TUBES (IN NUMBERS)	1400	35	7591	688
6. OTHER IRON & STEEL MATERIAL INCLUDING COMPONENTS.		3383		5843
TOTAL A:		4640		10304
B. STORES & LOOSE TOOLS		256		189
TOTAL (A + B)		4896		10493

	(Rs.in Lakh)	
	2008-09	2007-08
3. (a) Value of Imports (CIF)		
1. a. Raw Materials & Components	450	4322
b. Materials In Transit	499	28
2. Spares	1	0
3. Capital goods	0	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)	
	2008-09	2007-08
© 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	471	4331
2. Value of Indigeneous Material Including Components & Spares Consumed During The Year	4169	5973
TOTAL	4640	10304
3. Percentage of Item (1) To Total Consumption	10.16	42.03
4. Percentage of Item (2) To Total Consumption	89.84	57.97
(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: (as certified by the Management)	23,210 MT	23,210 MT	5876 MT	
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 1000NM 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 & Surphur Dioxide	3000 Nos.	}		
iv) Continous 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. 5247 lacs	3845 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 5876 MT (equivalent) is inclusive of 3845 MT (equivalent) in respect of diversified products as detailed at (b) above and nil MT in respect of jobs done for internal use.

Note:

- The Licensed Capacity, Installed Capacity and Production indicated in item (b) are included in item (a)

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

i) Registration details :

Registration No.

1	2	0	2
---	---	---	---

Balance Sheet Date

State Code

0	1
---	---

3	1	0	3	0	9
---	---	---	---	---	---

Date Month Year

ii) Capital raised during the year (Amount in Rs. Thousands)

Public Issue Right Issue
NIL NIL
Bonus Issue Private Placement
NIL NIL

iii) Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

<p align="center">Total Liabilities</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>2</td><td>7</td><td>2</td><td>2</td><td>1</td><td>4</td><td>7</td></tr></table> <p>Sources of Funds</p> <p align="center">Paid Up Capital</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>3</td><td>3</td><td>7</td><td>9</td><td>7</td><td>8</td></tr></table> <p align="center">Secured Loans</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>0</td></tr></table> <p>Application of Funds</p> <p align="center">Net Fixed Assets</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>5</td><td>2</td><td>2</td><td>5</td><td>8</td></tr></table> <p align="center">Net Current Assets</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>3</td><td>2</td><td>1</td><td>9</td><td>8</td></tr></table> <p align="center">Accumulated Losses</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>2</td><td>6</td><td>3</td><td>7</td><td>5</td><td>6</td><td>0</td></tr></table>	2	7	2	2	1	4	7	3	3	7	9	7	8		0		5	2	2	5	8		3	2	1	9	8	2	6	3	7	5	6	0	<p align="center">Total Assets</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>2</td><td>7</td><td>2</td><td>2</td><td>1</td><td>4</td><td>7</td></tr></table> <p>Reserves & Surplus</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>2</td><td>0</td><td>1</td><td>0</td><td>0</td></tr></table> <p align="center">Unsecured Loans</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>2</td><td>3</td><td>8</td><td>3</td><td>9</td><td>6</td><td>8</td></tr></table> <p align="center">Investments</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>1</td><td>3</td><td>1</td></tr></table> <p align="center">Misc. Expenditure</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>0</td></tr></table>	2	7	2	2	1	4	7		2	0	1	0	0	2	3	8	3	9	6	8		1	3	1		0
2	7	2	2	1	4	7																																																							
3	3	7	9	7	8																																																								
	0																																																												
	5	2	2	5	8																																																								
	3	2	1	9	8																																																								
2	6	3	7	5	6	0																																																							
2	7	2	2	1	4	7																																																							
	2	0	1	0	0																																																								
2	3	8	3	9	6	8																																																							
	1	3	1																																																										
	0																																																												

iv) Performance of Company (Amount in Rs. Crore)

<p align="center">Turnover</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>7</td><td>6</td><td>4</td><td>4</td><td>0</td><td>4</td></tr></table> <p align="center">Profit Before Tax</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>9</td><td>6</td><td>9</td><td>2</td><td>9</td><td>3</td></tr></table> <p align="center">Earning Per Share</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>N</td><td>I</td><td>L</td></tr></table>		7	6	4	4	0	4	9	6	9	2	9	3		N	I	L	<p align="center">Total Expenditure</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>2</td><td>2</td><td>1</td><td>3</td><td>8</td><td>8</td><td>9</td></tr></table> <p align="center">Profit After Tax</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td>9</td><td>6</td><td>3</td><td>5</td><td>5</td><td>2</td></tr></table> <p align="center">Dividend rate %</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>N</td><td>I</td><td>L</td></tr></table>		2	2	1	3	8	8	9	9	6	3	5	5	2		N	I	L
	7	6	4	4	0	4																														
9	6	9	2	9	3																															
	N	I	L																																	
	2	2	1	3	8	8	9																													
9	6	3	5	5	2																															
	N	I	L																																	

v) Generic names of three principal products/services of Company (as per monetary terms)

<p>Product description</p> <p>Heat Exchangers</p> <p>Pressure Vessels</p> <p>Air preheaters Boilers</p>	<p align="center">Item Code No.</p> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>8</td><td>4</td><td>1</td><td>9</td><td>0</td><td>0</td></tr></table> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>8</td><td>4</td><td>7</td><td>9</td><td>1</td><td>0</td></tr></table> <table border="1" style="margin-left: auto; margin-right: auto;"><tr><td> </td><td>8</td><td>4</td><td>0</td><td>4</td><td>1</td><td>0</td></tr></table>		8	4	1	9	0	0		8	4	7	9	1	0		8	4	0	4	1	0
	8	4	1	9	0	0																
	8	4	7	9	1	0																
	8	4	0	4	1	0																

As per our report of even date attached

For MURTHY ASSOCIATES

Chartered Accountants

Sd/-
R.RAJASEKHARA RAO
Partner
Membership No. 218345

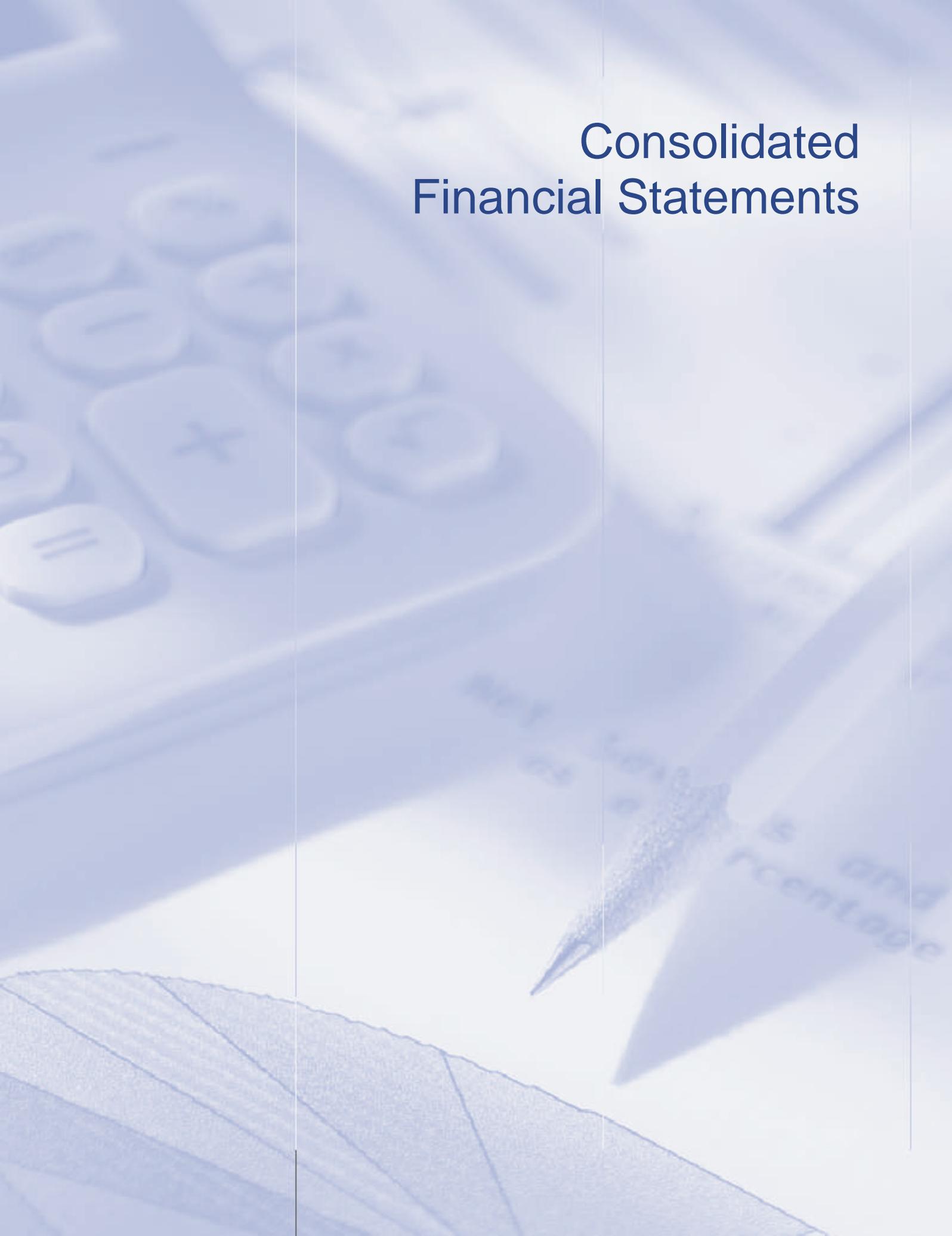
Sd/-
A.V.MANIKYA RAO
General Manager (Finance)

Sd/-
OM PRAKASH
Managing Director

Place: New Delhi
Date: May 15, 2009

Sd/-
A.S.S.SARMA
Company Secretary

Sd/-
R.P.GOYAL
Director



Consolidated Financial Statements

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
- 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 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	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 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
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.

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.

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 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

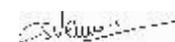
As at March 31, 2009

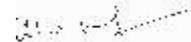
(Rs. in Crore)

	Schedule	AS AT 31.3.2009	
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	489.52	
Reserves & Surplus	2	12433.22	12922.74
Loan Funds			
Secured Loans	3	0.00	
Unsecured Loans	4	166.56	166.56
			<u>13089.30</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	5501.28	
Less: Depreciation/Amortisation to-date		3795.25	
		<u>1706.03</u>	
Less : Lease Adjustment Account		41.22	
Net Block		<u>1664.81</u>	
Capital Work-in-Progress	6	1156.97	2821.78
Investments	7		5.94
Deferred Tax Assets Net (Refer note no. 21 of Schedule 19)			1841.00
Current Assets, Loans and Advances			
Current Assets	8		
Inventories		7891.99	
Sundry Debtors		16071.53	
Cash & Bank Balances		10329.46	
Other current assets		350.26	
Loans and advances	9	2341.91	
		<u>36985.15</u>	
Less:			
Current Liabilities & Provisions			
Current Liabilities	10	23570.40	
Provisions	11	4994.17	
		<u>28564.57</u>	
Net current assets			<u>8420.58</u>
			<u>13089.30</u>
Notes to Accounts	19		

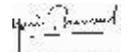
Schedules 1 to 11, 19 & Significant accounting policies form an integral part of the Consolidated Balance Sheet.


(I. P. Singh)
Secretary

For and on behalf of Board of Directors

(C. S. Verma)
Director (Finance)


(K. Ravi Kumar)
Chairman and Managing Director

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


(Navin Bansal)
Partner
M.No. 91922

Place : New Delhi
Date : May 27, 2009

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31st March 2009

(Rs. in Crore)

Schedule		For the year ended 31.03.2009	
EARNINGS			
Turnover (Gross)	12	28318.91	
Less: Excise duty & Service Tax		1827.51	
Turnover (Net)			26491.40
Other income	12A		1498.34
Accretion/Decretion to Work-in-progress & Finished Goods	13		1163.99
			<u>29153.73</u>
OUTGOINGS			
Consumption of Material, Erection and Engineering Expenses	14		17839.99
Employees' remuneration & benefits	15		3019.54
Other expenses of Manufacture, Administration, Selling and Distribution	16		1850.46
Provisions (net)	17		1299.96
Interest & other borrowing costs	18		35.18
Depreciation and amortisation	5		343.07
Less: Cost of jobs done for internal use			61.18
			<u>24327.02</u>
Profit before prior period items			4826.71
Add/(Less): Prior period items (Net)	18A		11.24
Profit before tax			<u>4837.95</u>
Less: Provision for taxation			
For Current Year			
- Current Tax (incl. wealth tax Rs. 0.17 crore)		2261.77	
- Fringe Benefit Tax		40.35	
- Deferred Tax		<u>-502.50</u>	
		1799.62	
For earlier years			
- Tax (includes Income Tax paid abroad Rs. 8.48 crore)		-77.40	
- Fringe Benefit Tax		<u>0.56</u>	
			<u>1722.78</u>
Profit after tax			3115.17
Add: Balance of profit brought forward from last year			438.97
Foreign Project Reserves written back			1.17
Profit available for appropriation			<u>3555.31</u>
Less: Appropriation-			
- General Reserve		2002.22	
- Dividend (incl interim dividend of Rs. 451.28 crore)		842.89	
- Corporate Dividend tax (incl Rs. 76.69 crore on interim dividend)		<u>143.96</u>	
			<u>2989.07</u>
Balance carried to Balance Sheet			<u>566.24</u>
Basic and Diluted Earning per share (in Rs.) (Refer note no. 20 of Schedule 19)			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. 214.67 crore** share of jointly controlled entities.

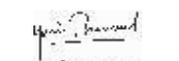
Total Expenditure includes **Rs. 180.99 crore** share of jointly controlled entities.


(I. P. Singh)
Secretary


(C. S. Verma)
Director (Finance)


(K. Ravi Kumar)
Chairman and Managing Director

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


(Navin Bansal)
Partner
M.No. 91922

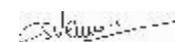
Place : New Delhi
Date : May 27, 2009

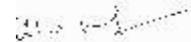
Consolidated Cash Flow Statement for the year ended 31.03.2009

(Rs. in Crore)

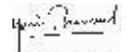
	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Tax as per Profit and Loss Account	4837.95
Adjustment for	
Depreciation/Amortisation	343.14
Lease Equalisation	-17.91
Profit on sale of Fixed assets	-8.37
Interest paid	35.72
Interest/Dividend Income	-784.80
Operating Profit before Working Capital changes	4405.73
Adjustment for	
Trade & Other Receivables	-4680.95
Inventories	-2108.09
Trade Payable & Advances	8165.55
Cash generated from operations	5782.24
Direct Taxes Paid	-2319.06
NET CASH INFLOW FROM OPERATING ACTIVITIES	3463.18
B. CASH FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	-1356.17
Sale and Disposal of Fixed Assets	31.80
Interest & Dividend Receipts	856.89
NET CASH USED IN INVESTING ACTIVITIES	467.49
C. CASH FLOW FROM FINANCING ACTIVITIES	
Long Term Borrowings	-133.15
Dividend Paid (including tax on dividend)	-894.57
Interest paid	-34.35
NET CASH USED IN FINANCING ACTIVITIES	1062.07
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	1933.61
Opening Balance of Cash and Cash Equivalents	8395.85
Closing Balance of Cash and Cash Equivalents	10329.46


(I. P. Singh)
Secretary

For and on behalf of Board of Directors

(C. S. Verma)
Director (Finance)


(K. Ravi Kumar)
Chairman and Managing Director

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


(Navin Bansal)
Partner
M.No. 91922

Place : New Delhi
Date : May 27, 2009

Schedule 1 Share Capital

(Rs. in Crore)

	AS AT 31.03.2009
Authorised	
200,00,00,000 (prev year 200,00,00,000) equity shares of Rs.10 each	2000.00
Issued, Subscribed & Paid up Capital	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

Schedule 2 Reserves & Surplus

(Rs. in Crore)

	AS AT 31.03.2009	
Capital Reserve		
Opening Balance	2.74	
Less: Deductions/ Adj	<u>0.00</u>	2.74
Foreign Project Reserve		
Opening Balance	2.55	
Less: Deductions/ Adj	<u>1.17</u>	1.38
General Reserve		
Opening Balance	9861.17	
Add: Transferred from Profit & Loss Account	<u>2002.22</u>	11863.39
Profit & Loss Account	566.24	
Less: Adjustments	<u>0.54</u>	565.70
		12433.22

Includes Rs. 27.98 crore share of jointly controlled entities.

Schedule 3 Secured Loans

(Rs. in Crore)

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

Schedule 4 Unsecured Loans

(Rs. in Crore)

	AS AT 31.03.2009
Short Term Loans & Advances	
- From Banks	4.82
Credits for Assets taken on lease (Due within one year Rs. 44.15 crore)	143.90
Interest accrued and due on:	
- State Government Loans	2.33
- Credits for Assets taken on lease	3.40
- Financial Institutions & others	12.11
	166.56

Includes **Rs. 0.28 Crore** share of jointly controlled entities.

Schedule 5 Fixed Assets

(Rs. in Crore)

	Gross Block			Cost As at 31.03.2009	Depreciation		Net Block		
	Cost As at 31.03.2008	Additions/ adjustments during the year	Deductions/ adjustments during the year		Lease adjustments Account	Depreciation/ Amortisation upto 31.03.2009	As at 31.03.2009	As at 31.03.2008	Depreciation/ Amortisation for the year
Goodwill		185.87		185.87			185.87		
Factory/ Office Complex									
Freehold land (incl. development exp.)	4.38	0.15		4.53			4.53	4.38	
Leasehold land (incl. development exp.)	6.15	0.05		6.20		0.45	5.75	5.72	0.01
Roads, bridges and culverts	7.05	1.39	0.04	8.40		3.02	5.38	4.14	0.14
Buildings	357.71	135.29	2.05	490.95		255.67	235.28	132.95	32.59
Leashold buildings	3.20	0.11		3.31		1.34	1.97	1.95	0.06
Drainage, sewerage and water supply	12.92	1.18	0.07	14.03		10.15	3.88	2.98	0.28
Railway siding	8.09	0.76		8.85		7.83	1.02	0.34	0.08
Locomotives and wagons	16.18	11.44		27.62		15.76	11.86	1.06	0.64
Plant & Machinery	2540.71	360.73	8.94	2892.50		2227.59	664.91	446.99	142.66
Electronic data processing equipments	103.96	22.33	5.26	121.03		108.11	12.92	15.52	7.63
Electrical installations	97.16	20.80	0.13	117.83		74.03	43.80	26.86	3.72
Construction Equipment	254.79	125.54	0.42	379.91		214.46	165.45	76.01	36.09
Vehicles	19.80	0.62	0.82	19.60		16.49	3.11	3.22	0.86
Furniture & fixtures	16.96	4.95	0.03	21.88		8.81	13.07	9.24	1.14
Office & other equipments	74.53	7.87	1.16	81.24		56.74	24.50	20.61	3.70
Fixed assets costing upto Rs.10000/-	55.94	8.02	0.30	63.66		63.67	-0.01		8.02
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	-41.22	446.25	9.68	31.54	39.77
EDP Equipment taken on lease	146.16	99.31	27.67	217.80		86.32	131.48	71.87	36.99
Office & other equipment taken on lease	1.52	0.38	0.41	1.49		0.44	1.05	1.07	0.20
Intangible Assets									
- Internally developed									
Software	6.80			6.80		0.08	6.72	0.54	
Others	2.46	2.52		4.98		1.66	3.32	1.89	0.64
- Others									
Software	62.08	20.69	0.54	82.23		64.99	17.24	22.84	17.98
- Technical Know-how	22.86			22.86		8.66	14.20	16.29	2.09
Others	8.80			8.80		8.49	0.31	1.66	1.35
	4327.80	824.13	47.84	5289.96	-41.22	3681.45	1567.29	899.67	336.64
Township/ Residential									
Freehold land (incl. development exp.)	2.32		0.15	2.17			2.17	2.32	
Leasehold land (incl. development exp.)	2.04		-0.05	2.09		0.52	1.57	1.54	0.02
Roads, bridges and culverts	5.06	0.04		5.10		2.80	2.30	2.39	0.10
Buildings	131.39	2.81		134.20		60.59	73.61	74.96	3.88
Leasehold buildings	0.41		-0.08	0.49		0.23	0.26	0.16	0.01
Drainage, sewerage and water supply	16.94	0.07		17.01		13.14	3.87	4.24	0.38
Plant and Machinery	10.65	0.83		11.48		8.62	2.86	2.51	0.48
Electrical installations	16.78	0.41		17.19		13.67	3.52	3.54	0.40
Vehicles	1.07			1.07		0.99	0.08	0.11	0.03
Furniture & fixtures	0.52	0.20		0.72		0.23	0.49	0.32	0.04
Office & other equipments	16.53	1.15	0.02	17.66		10.87	6.79	6.63	0.98
Fixed assets costing upto Rs. 10000/-	2.05	0.11	0.02	2.14		2.14			0.11
	205.76	5.62	0.06	211.32		113.80	97.52	98.72	6.43
Total of factory & township	4533.56	829.75	47.90	5501.28	-41.22	3795.25	1664.81	998.39	343.07
Previous year									

Gross Block as at 31.03.2009 includes assets condemned and retired from active use Rs. 30 Crore (Previous year Rs. 30.71 Crore).

Net Block as at 31.03.2009 includes assets condemned and retired from active use Rs.0.16 Crore (Previous year Rs.0.30 Crore)

Gross Block excludes cost of assets purchased out of grant received from Government of India Rs.30.81 Crore (Previous Year Rs.30.81Crore) for research and assets as executing agency since the property does not vest with the Company.

The Company's contribution or expenditure towards construction, development of assets not owned by the Company 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

Gross Block includes Rs. 10.54 Crore share of jointly controlled entities

Depreciation for the year includes Rs. 1.07 Crore share of jointly controlled entities

Net Block includes Rs. 3.31 Crore share of jointly controlled entities

Schedule 6 Capital Work- in- Progress (at Cost)

(Rs. in Crore)

	AS AT 31.03.2009
Construction work-in-progress -Civil	359.34
Construction Stores (including in transit)	11.88
Plant & Machinery and other equipments	
- Under Erection/ Fabrication/awaiting erection	507.51
- In transit	276.71
Intangible Assets under development	1.53
	1156.97

Includes Rs. 0.01 crore share of jointly controlled entities.

Schedule 7 Investments

(Rs. in Crore)

	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
728960 Equity shares of Rs. 10/- each of AP Gas Power Corporation Ltd.	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
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
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
Aggregate value of Unquoted Investments	5.94

* Value of less than Rs 1 lakh/-

Schedule 8 Current Assets

(Rs. in Crore)

	AS AT 31.03.2009	
Inventories @ (As certified by the management)		
Stores & Spare parts		
- Production	143.17	
- Fuel stores	7.85	
- Miscellaneous	19.52	170.54
Raw Material & Components		2632.90
Material-in-transit		634.48
Materials with Fabricators/Contractors		168.84
Loose Tools		23.01
Scrap (at estimated realisable value)		39.76
Finished Goods	521.09	
Inter division transfers in transit	124.59	
Includes:		
- Rs. 30.95 crore Finished Goods in transit.		645.68
Work-in-progress (including items with sub-contractors)		3639.05
		7954.26
Less : Provision for non-moving stock		62.27
@ Valued as per Significant Accounting Policy Number 8 Includes Rs. 0.96 crore share of jointly controlled entities.		7891.99
Sundry Debtors *		
- Debts outstanding for a period exceeding six months		8119.99
- Other debts		9196.41
		17316.40
Less : Provision for Doubtful debts		1166.56
Less :Automatic Price Reduction Adjustment a/c		78.32
		16071.53
* Includes deferred debts-Rs. 5606.08 crore		
* Includes goods despatched pending billing-Rs. 1011.16 crore		
Particulars of Sundry debtors :		
Debts considered good for which the Company holds no security other than the debtors' personal security		16071.53
Debts considered doubtful and provided for		1244.88
Includes Rs. 33.47 crore share of jointly controlled entities.		17316.40

Schedule 8 (Contd.) Current Assets

(Rs. in Crore)

		AS AT 31.03.2009
Cash and Bank Balances		
Cash & Stamps in hand		1.15
Cheques, Demand Drafts in hand		386.53
Remittances in transit		0.02
Balances with Scheduled Banks		
– Current Account		1539.15
– Deposit Account		8373.59
Balance with non-scheduled Banks		
– Current Account		
	Maximum Balance (Rs. in Crore) during the year 2008-09	
– Standard Chartered bank, Libya	0.22	
– Bank Muskat, Oman	356.19	14.91
– Barclays Bank Ltd, Zambia	0.01	0.01
– Bank of commerce, Malaysia	0.31	0.05
– CIMB Berhad	0.32	0.32
– Indo Jambia Bank, Lusaka	1.18	0.16
– Commercial Bank of Ethiopia	3.38	0.05
– Bank of Bhutan, Bhutan	0.04	0.01
– Jamahouria Bank, Libya	4.34	0.95
– National Bank of Egypt	0.13	0.13
– Standard Chartered bank, Bangladesh	72.69	1.02
– Bank of Khartoum, Sudan	15.47	11.36
– Standard Chartered bank, Dubai	0.22	0.05
		10329.46
Includes Rs. 10.39 crore share of jointly controlled entities.		
Other Current Assets		
Interest Accrued on Banks Deposits and investments		350.27
		350.27
Includes Rs. 0.06 crore share of jointly controlled entities.		
Summary of Current Assets		
Inventories		7891.99
Sundry Debtors		16071.53
Cash & Bank Balances		10329.46
Other Current Assets		350.27
		34643.24
Includes Rs. 43.92 crore share of jointly controlled entities.		

Schedule 9 Loans and Advances

(Rs. in Crore)

	AS AT 31.03.2009	
Loans		
Loans to Employees	0.13	
Materials Issued on loan	7.75	
Loans to others	0.07	
Loans to Public Sector Undertakings	21.10	
Interest accrued and or due on loans	6.83	35.88
Advances (Recoverable in cash or in kind or for value to be received)		
To employees	29.74	
For purchases	616.82	
To Others	997.71	
For capital expenditure	55.29	1699.56
Deposits		
Balance with customs, Port Trust and other Govt Authorities includes Rs. 0.03 crore by pledge of Post office pass book with Central Excise Authorities)	216.91	
Others	134.90	351.81
Advance Tax/ TDS (Net of Provision for Income Tax Rs. 5654.01 crore)		324.95
		2412.20
Less: Provision for doubtful loans & advances		70.29
		2341.91
Particulars of Loans & Advances :		
Loans & Advances considered good in respect of which the Company is fully secured		80.27
Loans & Advances considered good for which the Company holds no security other than the Debtors' personal security		2261.64
Loans & Advances considered doubtful & provided for		70.29
		2412.20
Includes Rs. 25.96 crore share of jointly controlled entities.		
	Maximum Balance (Rs. in crore) during the year 2008-09	
Due from Directors of the Company	*	*
Due from Officers of the Company	0.40	0.26

*Amount less than Rs. 1 lakh

Schedule 10 Current Liabilities

(Rs. in Crore)

	AS AT 31.03.2009	
Acceptances		67.14
Sundry Creditors		
– Total outstanding dues of Micro & Small Enterprises (incl. interest)	96.52	
– Other Sundry Creditors	<u>5801.59</u>	5898.11
Advances received from customers & others		16480.96
Deposits from Contractors & others		334.09
– Unclaimed dividend *		1.31
Other liabilities		788.31
Interest accrued but not due		<u>0.48</u>
Includes Rs. 32.61 crore share of jointly controlled entities.		23570.40

*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 31.03.2009	
Dividend		391.61
Corporate Dividend Tax		67.26
Contractual Obligation		888.21
Retirement benefits		1716.54
Others		<u>1930.55</u>
Includes Rs. 2.09 crore share of jointly controlled entities.		4994.17

Schedule 12 Turnover (Gross)

(Rs. in Crore)

	For the Year ended 31.03.2009	
Sales less returns (incl Despatches made to customers Rs. 15114.26 crore (Previous year Rs. 11162.57 crore)		24807.76
Income from external erection & other services		2951.18
Revenue from Works Contract		<u>559.97</u>
Includes Rs. 213.65 crore share of jointly controlled entities.		28318.91

Schedule 12A

a. Other Operational Income

(Rs. in Crore)

	For the Year ended 31.03.2009	
Export Incentives		56.31
Rental income on leased assets	25.52	
Less: Lease equalisation account	-17.91	43.43
Scrap		189.59
Receipt from sale/transfer of surplus stock		0.18
Others		231.08
Total (A)		520.59

b. Other Income

(Rs. in Crore)

	For the Year ended 31.03.2009	
Profit from sale of fixed assets (Net Cr)		8.37
Dividend on Investment (Long term-Trade)		18.45
Exchange variation gain (Net)		26.54
Others (including grants of Rs. 0.01 crore (prev year Rs.0.30 crore) from Govt of India for R & D Projects)		158.14
Total (B)		211.49

c. Interest Income **

(Rs. in Crore)

	For the Year ended 31.03.2009	
From customers		0.60
From employees		0.04
From banks		758.81
Others		6.81
Total (C)		766.26
Total Other Income	Total (A+B+C)	1498.34

Includes **Rs. 0.31 crore** share of jointly controlled entities.

*Amount less than Rs. 1 lakh

** Tax deducted at source Rs.175.59 crore

Schedule 13 Accretion/(Decretion) to Work-in-progress & Finished goods

(Rs. in Crore)

	For the Year ended 31.03.2009	
Work -in -progress		
Closing Balance	3639.05	
Opening Balance	2560.72	1078.33
Finished Goods		
Closing Balance	521.09	
Opening Balance	476.88	44.21
Inter-division transfer in transit		41.45
		<u>1163.99</u>
NOTE:		
Element of Excise duty in Finished Goods		
Closing Balance		35.38
Opening Balance		53.77

Includes **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 31.03.2009	
Consumption of Raw material & components		15304.56
Consumption of stores & spares		442.09
Erection and Engineering exp.		
– payment to subcontractors		2093.34
		<u>17839.99</u>

Includes **Rs. 168.49 crore** share of jointly controlled entities.

Schedule 15 Employees Remuneration & Benefits

(Rs. in Crore)

	For the Year ended 31.03.2009	
Salaries, Wages, Bonus, Allowances & other benefits		2477.82
Contribution to gratuity fund		-7.58
Contribution to Provident and other funds		163.53
Group Insurance		8.64
Staff Welfare Expenses		377.13
		<u>3019.54</u>
Directors (incl Chairman & Managing Director) *		
Salaries & Allowance		0.81
Contribution to PF		0.10
Contribution to Gratuity Fund		0.03
Others		0.30

Includes **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 provisions of I.T. Rules 1962 would amount to Rs. 0.01 crore.

Schedule 16

Other Expenses of Manufacture, Administration, Selling & Distribution

(Rs. in Crore)

	For the Year ended	
	31.03.2009	
Resident Consultant's Charges		3.22
Royalty, technical documentation & other consultancy charges		39.26
Rent (includes Rs. 44.97 crore for rent-residential)		53.14
Excise duty		68.52
Power & Fuel		344.56
Rates & Taxes		48.31
Service Tax		11.51
Insurance		78.03
Repairs:		
Buildings		71.78
Plant & Machinery		16.93
Others		86.49
Other expenses in connection with exports		26.55
Bad Debts and amount Written off		2.81
Carriage outward		247.34
Travelling & conveyance		192.69
Miscellaneous Expenses		553.34
Liquidated damages charged off		2.85
Donations		0.13
Corporate social Expenses		3.00
		1850.46
Includes Rs. 7.60 crore share of jointly controlled entities.		
Notes:		
Repairs do not include expenditure on departmental maintenance which are as under:		
Plant & Machinery	131.75	
Buildings	40.06	
Others	26.44	198.25
Agency Commission on exports included in expenses in connection with exports		15.34
Expenditure on research & development		296.10
Payment to Auditors (Net of service tax credit claimed)		0.40
– Fees (includes Rs. 0.05 crore to auditors abroad		
– Expenses		0.09
– Income tax matters includes Rs. 0.02 crore to auditors abroad		0.10

Schedule 16 (Contd.) Other Expenses of Manufacture, Administration, Selling & Distribution

(Rs. in Crore)

	For the Year ended 31.03.2009	
– Certification work includes Rs.0.01 crore to auditors abroad		0.18
– Other Professional services includes Rs. 0.04 crore to auditors abroad		0.07
Payment to Cost Auditors		0.01
Expenditure on entertainment		7.64
Expenditure on foreign travel		14.10
Expenditure on Publicity and Public relations		
– Salaries allowances & other benefits	6.31	
– Other expenses	11.83	18.14
Director's Fees		0.08

Schedule 17 Provisions

(Rs. in Crore)

	For the Year ended 31.03.2009	
Doubtful debts ,Liquidated Damages and Loans & advances		
– Created during the year	408.77	
– Less written back during the year	362.46	46.31
Contractual Obligations		
– Created during the year	426.52	
– Less written back during the year	241.69	184.83
Others		
– Created during the year	1214.91	
– Less written back during the year	146.09	1068.82
		1299.96

Includes **Rs. (-) 0.21 Crore** share of jointly controlled entities.

Schedule 18 Interest and Other Borrowing Costs

(Rs. in Crore)

	For the Year ended 31.03.2009	
Interest on:		
Bonds		1.78
Banks/financial Institutions borrowings		8.19
Others		25.21
Other Borrowing Costs		0.00
		35.18
Less: Borrowing Cost capitalised		0.00
		35.18
Borrowing cost capitalised		NIL

Includes **Rs. 0.17 crore** share of jointly controlled entities.

Schedule 18A Prior Period Items

(Rs. in Crore)

	For the Year ended 31.03.2009	
INCOME		
Sales less returns	11.21	
Operational income (others)	1.37	
Other income (others)	0.00	
Interest income (others)	0.10	12.68
EXPENDITURE		
Consumption of Raw material & components	-0.47	
Depreciation	0.07	
Payment to Sub-contractors	0.04	
Interest	0.54	
Misc. Expenses	1.26	1.44
Prior period adjustments (Net)		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. Being the first year company requires to prepare its consolidated financial statement, comparative previous year figures are not given as per AS-21.
- 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 cost of investment 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 31.03.2009
Subsidiary Company	
Bharat Heavy Plate and Vessels Ltd.	100
Joint Venture Companies	
BHEL-GE Gas Turbine Services Ltd.	one share less than 50%
NTPC-BHEL Power Projects Pvt. Ltd.	50
Barak Power Pvt. Ltd.	50
Udangudi Power Corporation Ltd.	50

- a) The financial statements of BHPV are consolidated for the transactions from 10.5.2008 (the date of acquisition by BHEL) to 31.03.2009. The goodwill for BHPV has been computed based on the financial statements as on 09.05.2008.
- b) NTPC-BHEL Power Projects Pvt. Ltd., a Joint Venture company of BHEL & NTPC, incorporated on 29th day of April, 2008. Interest in joint venture is considered based on audited financial statements for the year ended on 31.03.2009.
- c) 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.
- d) 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 Investment based on unaudited financial statements for the year ended on 31.03.2009.
- e) Udangudi Power Corporation Ltd., a Joint Venture Company of BHEL & TNEB, incorporated on 27th day of December, 2008. The interest in JV is considered in the Consolidated Financial Investment based on unaudited financial statements for the year ended on 31.03.2009. Preliminary expenses and ceremony expense are yet to be accounted for.

3. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for is Rs. 1783.78 crore including Rs. 24.78 crore for acquisition of intangible assets.

4. Land and buildings include:

- 9984.215 acres of land, 36 flats and one building for which formal transfer/lease deeds have not been executed including for 51.520 acres of land for which the cost paid is provisional; registration charges and stamp duty net of provision already made thereon, would be accounted for on payment.
- 79.076 acres of land leased to Ministry of Defence, Government Departments and others.
- 180 acres of land 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.
- 106.858 acres of land 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)
	2008-2009
100% depreciation on assets upto Rs.10,000/- charged off in the accounting year	15.40
Normal depreciation on above	9.08
Excess amount charged off	6.32

6. Sales and despatches to customers :

- Includes Rs. 766.64 based on provisional prices.
- Includes 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;
- Includes despatches of equipment valued at Rs. 25.45 crore held on behalf of customers at their request for which payment has been received by the Company; and
- Excludes Rs. 15.65 crore for price reduction due to delay in delivery as per terms of the contract.

7. Contingent Liabilities:

- Claims against the company not acknowledged as debt:
 - Income Tax pending appeals (net of provisions) Rs. 43.83 crore against which Rs 10.45 crore has been paid under protest and included under the head deposits-others.

- Sales Tax demands Rs. 342.46 crore against which Rs. 81.03 crore has been paid under protest/court orders and included under the head advances recoverable.

- Excise Duty demands Rs.274.62 crore, against which Rs.5.71 crore has been paid under protest/court orders and included under the head advances recoverable.

- Custom Duty demands Rs. 0.21 crore against which Rs. 0.06 crore has been paid under protest.

- Court / Arbitration cases Rs. 125.86 crore.

- Liquidated Damages Rs. 1363.44 crore.

- Counter claim by contractors Rs. 40.99 crore.

- Service Tax demand Rs. 73.08 against which Rs. 0.17 crore has been deposited against protest.

- Others 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.

- Bills discounted under IDBI scheme outstanding at the close of the year amount to Rs. 0.06 crore.

8. The company invested a sum of 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. 30000 crore (previous year Rs. 20000 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 31.03.2009 is Rs. 26752 crore (previous year Rs. 19314 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 Government since there was no stipulation for payment of such guarantee fee at the time the loans (guaranteed by Government) were taken.

11. Amorphous Silicon Solar Cell Plant (ASSCP), Gurgaon was taken on 1st April 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. Responses to confirmation of outstanding balances of Sundry debtors, creditors, contractor's advances, deposits and stocks/materials lying with sub-contractors/fabricators were received in few cases, some of them seeking details. The reconciliations with the parties are carried out as an ongoing process.

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
	2008-09
Contract revenue recognized during the year	21884.20
In respect of Contract in progress as on 31.03.2009:	
– Cost incurred and recognised profits (less recognized losses)	62891.68
– Amount of advance received	8632.15
– Amount of retentions (deferred debts)	4220.94

16. The disclosure relating to derivative instruments:

- The derivative instruments that are hedged and outstanding as on 31.03.2009 is Nil (previous year Nil).
- The foreign currency exposures that are not hedged by derivative instruments or otherwise are as under:

(Figures in Crore)

	2008-09	
	In foreign currency	In Indian Rs.
a) Assets / Receivables (i.e. Debtors)		
In US \$	24.69	1250.08
In Euro	10.60	705.63
In LYD	0.27	10.48
In RO	0.22	29.07
In Others		21.25

In respect of dues from customers after appropriate netting off	
– Gross amount due from customers for the contract work as an asset	2881.76
– Gross amount due to customers for the contract work as a liability	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. EPF organization (Govt. of India, Ministry of Labour) vide its notice dated 21st April 2008 has communicated the decision of the Supreme Court in the case of Manipal Academy of higher education Vs RPFCL i.e. leave encashment need not be included for deduction of PF contribution. Accordingly, PF is not deducted and provided for leave encashment liability w.e.f. 30.05.2008 in line with Company circular dated 30.05.2008, due to this change the liability of leave encashment has been reduced by approx. Rs. 56 crore during the year 2008-09.

15. 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.

(Figures in Crore)

	2008-09	
	In foreign currency	In Indian Rs.
b) Liabilities (i.e. Advance from customers / creditors)		
In US \$	17.80	917.89
In Euro	23.88	1637.21
In LYD	0.92	37.25
In Others		70.25

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

a) 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 31.03.2009 are as follows:

	Rs. in Crore
1. Change in present value of obligation	2008-09
a) Present value of obligation as at the beginning	997.03
b) Acquisition adjustment	-
c) Interest Cost	69.99
d) Past service cost	-
e) Current service cost	41.64
f) Curtailment cost / (Credit)	-
g) Settlement cost / (Credit)	-
h) Benefits paid	(92.91)
l) Actuarial (gain) / Loss	(32.80)
j) Present value of obligation at the end of the period	982.95
2. Change in the fair value of plan assets	
a) Fair value of plan assets at the beginning	978.42
b) Acquisition Adjustments	-
c) Expected return on plan assets	83.16
d) Contributions	0.01
e) Benefits paid	(90.79)
f) Actuarial gain / (Loss) on plan assets	2.97
g) Fair value of plan assets as at the end of the year	973.77

3. Fair value of plan assets	
a) Fair value of plan assets at the beginning	978.25
b) Acquisition Adjustments	-
c) Actual return on plan assets	86.12
d) Contributions	-
e) Benefits paid	(90.75)
f) Fair value of plan assets at the year end	970.62
g) Funded status	7.58
h) Excess of actual over estimated return of plan assets	2.97
4. Actuarial gain / loss recognized	
a) Actuarial gain / (loss) for the period - obligation	32.80
b) Actuarial (Gain) / loss for the period - plan assets	(2.97)
c) Total (gain) / loss for the period	(35.77)
d) Actuarial (gain)/ loss recognized in the period	(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	982.95
b) Fair value of plan assets as at the end of period	973.78
c) Funded status	7.58
d) Excess of actual over estimated	2.97
e) Unrecognised actuarial (gains)/ losses	-
f) Net asset/ (liability) recognized in balance sheet	6.11
6. Expense recognized in the statement of profit and loss a/c	
a) Current service cost	41.64
b) Past service cost	-
c) Interest cost	69.99
d) Expected return on plan assets	(83.16)
e) Curtailment cost / (Credit)	-
f) Settlement cost / (credit)	-
g) Net actuarial (gain) / loss recognized in the period	(35.78)
h) Expenses recognized in the statement of profit & losses	(7.58)

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

c) Post Retirement Medical Benefits plan

Rs. in Crore

1. Change in present value of obligation	2008-09
a) Present value of obligation as at the beginning	666.08
b) Acquisition adjustment	-
c) Interest Cost	46.63
d) Past service cost	-
e) Current service cost	14.59
f) Curtailment cost / (Credit)	-
g) Settlement cost / (Credit)	-
h) Benefits paid	(26.39)
l) Actuarial (gain) / Loss	57.89
j) Present value of obligation as at the end of year	758.80
2. Change in the fair value of plan assets	-
3. Fair value of plan assets	-
Funded Status	(758.80)
4. Actuarial gain / loss recognized	
a) Actuarial gain / (loss) for the period -obligation	(57.89)
b) Actuarial (Gain) / loss for the period – plan assets	-
c) Total (gain) / loss for the year	57.89
d) Actuarial (gain)/ loss recognized in the period	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	758.80
b) Fair value of plan assets as at the end of the year	-
c) Funded status	(758.80)
d) Net assets / (liability) recognized in balance sheet	(758.80)
6. Expenses recognized in the statement of profit and loss	
a) Current service cost	14.59
b) Interest cost	46.63
c) Net actuarial (gain) / loss recognized in the year	57.89
d) Expenses recognized in the statement of profit & loss	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. 4.14 crore reversed during the year 2008-09, with this the cumulative likely interest shortfall for the future period is Rs. 9.64 crore (previous year Rs. 13.78 crore), to be compensated by the company to the PF trusts has been kept in the books of accounts.

18. Related Party Transactions:

i) List of 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.

ii) Other related parties (Key Management Personnel- Functional Directors: existing & retired):

S/Shri K. Ravi kumar, C.S.Verma, Anil Sachdev, B.P.Rao, C.P. Singh, Anil Gupta, C.P. Singh (Udangudi JV), S Kathiresan, K. Balasubramanian, B. Sainath, Anand K. Bansal, Om Prakash.

iii) Details of transactions:

(Rs. in Crore)

Particulars	Joint Ventures 2008-09	Key Management Personnel(KMP) 2008-09	Relatives of KMP 2008-09
Purchase of Goods and Services	61.07		
Sales of Goods and services	67.86		
Rendering of Services	4.85		
Receiving of Services			
Dividend income	18.45		
Royalty income	1.46		
Amounts due to BHEL at the end of the year	26.59		
Amounts due from BHEL at the end of the year	0.70		
Provision for Doubtful debts	0.02		
Amount written back	-		
Guarantees given on behalf of	-		
Payment of Salaries		1.25	
Rent		-	

19. Lease:

a. Details of assets taken on finance lease on or after 1st April, 2001 are as under:

(Rs. in Crore)

	As on 31-3-2009
A. Outstanding balance of Minimum Lease payments	
– not later than one year	57.03
– later than one year and not later than five years	117.46
– later than five years	
Total minimum lease payments at the balance sheet date	174.49
B. Present Value of (a) above	
– not later than one year	44.15
– later than one year and not later than five years	99.75
– later than five years	-
Total minimum lease payments at the balance sheet date	143.90
C. Finance charges	30.59
Present value of Residual value, if any	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 31-3-2009	
– not later than one year	4.36
– later than one year and not later than five years	7.34
– later than five years	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 2008-2009
	2008-2009	
Computers & Peripherals	0.83	0.01
Land & Buildings	0.06	0.03
TOTAL	0.89	0.04

20. Earnings per Share:

			2008-09
Weighted average number of Equity Shares outstanding during the year	(A)	Nos. in Crore	48.952
Nominal Value of Equity Share		(Rs.)	10.00
Net Profit for the year	(B)	(Rs. in Crore)	3115.17
Basic and Diluted Earnings Per Share	(B)/(A)	(Rs.)	63.64

21. The break up of net deferred tax assets on account of timing difference are as under:

(Rs. in Crore)	
As on 31.3.2009	
Deferred Tax Assets	
Provisions	1337.02
Deferred Revenue Expenditure of Voluntary Retirement Schemes	0.01
Statutory dues	470.07
Modvat Adjustments	85.37
Others	6.41
	1898.88
Deferred Tax Liabilities	
Depreciation	57.88
Net Deferred Tax Assets	1841.00

22. The provision for wage revision due from 01.01.2007 has been reassessed based on the developments during the year. The revised guidelines for pay scales and perquisites for the Executives and non unionized supervisors were issued by Department of Public Enterprises vide letter No. 2 (70)/08-DPE (WC)-GL VII/09 dated 2nd April, 2009. The revision in pay scales etc. for workmen is still under discussions. In addition an amount of Rs. 661 crore has been provided towards additional gratuity liability due to increase in the ceiling limit from Rs. 3.5 lacs to Rs. 10 lacs as per above guidelines. The total liability on wage revision, based on the above development, for the period from 01.01.2007 to 31.03.2009 works out to Rs. 2547 crore. Out of the above Rs. 799 crore has been paid and accounted as adhoc and 50% DA merger (Rs. 199 crore in 2007-08 and Rs. 600 crore in 2008-09) leaving an amount of Rs. 1749 crore to be kept as provision. The amount charged to the profit & loss accounts on the above for the year 2008-09 has been considered for ascertainment of cost for AS-7® and inventory etc.
23. 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.

24. SEGMENT INFORMATION - CONSOLIDATED

Rs. in Crore

For the year ended 31.3.2009

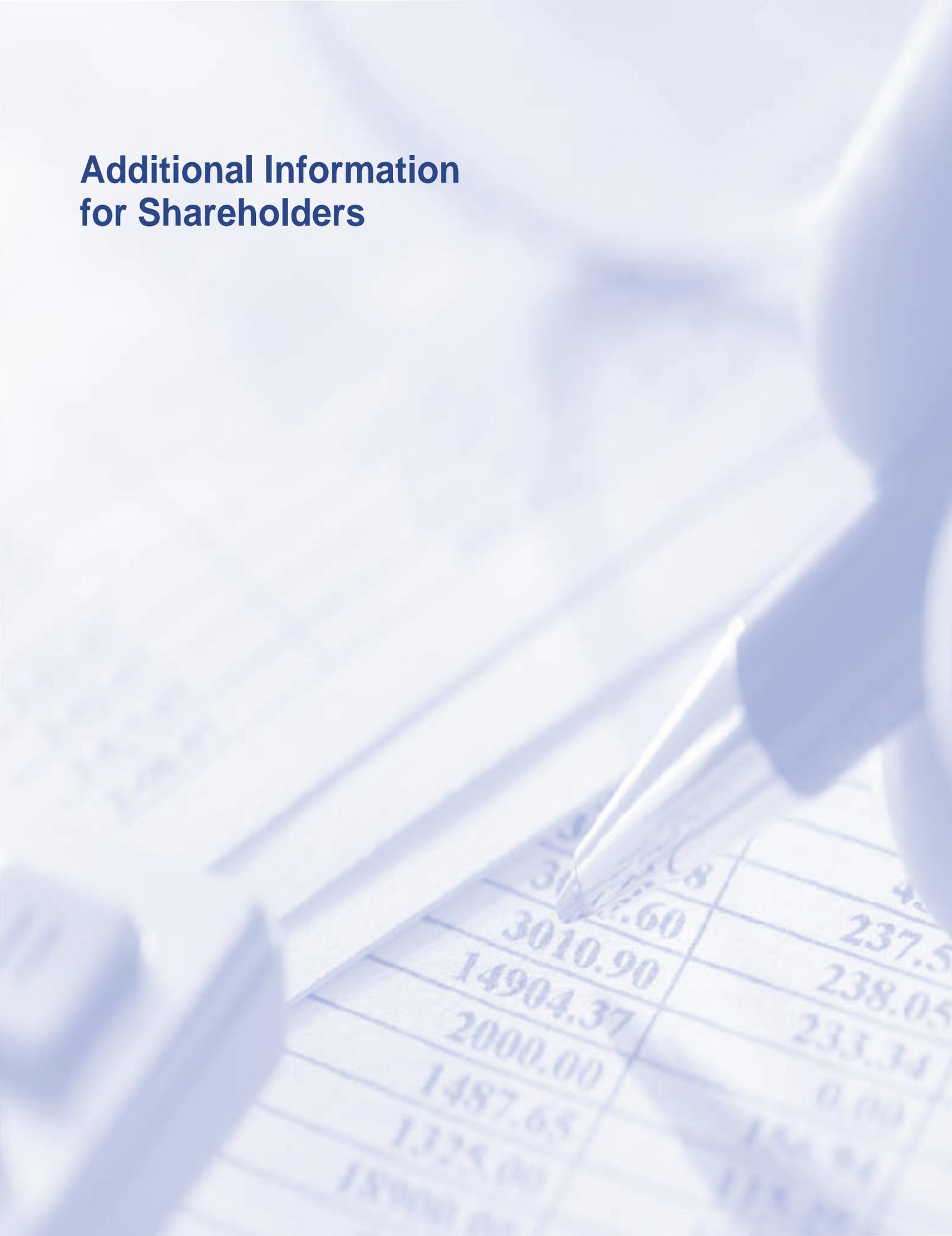
A. PRIMARY SEGMENT - BUSINESS SEGMENTS

	Power	Industry	Total
I. SEGMENT REVENUE			
a. Segment Revenue	21558.03	7321.59	28879.62
b. Inter-Segment Revenue	0.00	504.40	504.40
c. Operating Revenue-External (a) - (b)	21558.03	6817.19	28375.22
II. SEGMENT RESULTS			
a. Segment Results	3896.77	1175.45	5072.22
b. Unallocated expenses (Net of income)			199.09
c. Profit before Interest, DRE & Incometax (a) - (b)			4873.13
d. Interest			35.18
e. Net Profit before Income Tax (c) - (d)			4837.95
f. Income Tax			1722.78
g. Net Profit after Income Tax			3115.17
III ASSETS & LIABILITIES			
a. Segment Assets	21432.51	6913.01	28345.52
b. Unallocated Assets			13308.35
c. Total Assets			41653.87
d. Segment Liabilities	21975.72	5570.11	27545.82
e. Unallocated Liabilities			1185.31
f. Total Liabilities			28731.13
IV OTHER INFORMATION			
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	1049.45	145.12	
b. Depreciation	196.04	65.62	
c. Non Cash Expenses (other than depreciation)	701.53	356.07	
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS			
	Within India	Outside India	Total
1 Net Sales / Income from Operations	26550.83	1824.39	28375.22
2 Total Assets	41464.43	189.45	41653.87
3 Cost incurred during the period to acquire Fixed Assets	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 Shareholders



Ten Years Summary

(Rs. in Crore)

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
I EARNINGS											
Turnover (Gross)	28033	21401	18739	14525	10336	8662	7482	7287	6348	6634	6795
Other Income	1497	1445	824	547	656	513	838	770	1295	769	827
Changes in stock	1152	827	181	386	540	-31	-45	-37	251	-24	82
Total Earnings	30682	23673	19744	15458	11532	9144	8275	8020	7894	7379	7704
Materials, Erection & Engineering Expenses	17620	11821	10018	8147	5871	4229	3607	3724	3486	3335	3452
Personnel Payments	2984	2608	2369	1879	1650	1640	1505	1445	2170	1133	1242
Other mfg., admn. & selling expenses	4864	4482	3305	2564	2128	2003	2121	1921	1741	1871	1903
Outgoings before interest & depr.	25468	18911	15692	12589	9650	7872	7233	7090	7397	6339	6597
Profit before depreciation, interest & tax	5214	4762	4052	2869	1882	1272	1042	930	497	1040	1106
Depreciation	334	297	273	246	219	198	185	169	158	154	143
Gross Profit	4880	4465	3779	2623	1663	1074	857	761	339	886	963
Interest	31	35	43	59	81	60	55	97	44	22	32
Profit before tax	4849	4430	3736	2564	1582	1014	802	664	295	864	931
Provision for tax	1711	1571	1321	885	628	357	358	195	-19	266	388
Profit after tax	3138	2859	2415	1679	953	657	444	469	314	598	544
Dividend	832	746	600	355	196	147	98	98	73	73	61
Corporate Dividend Tax	141	127	93	50	27	19	13	0	7	12	7
Retained Profit	2165	1986	1722	1275	731	491	333	371	234	513	476
II WHAT THE COMPANY OWNED											
Gross Block	5225	4443	4135	3822	3629	3460	3349	3182	3004	2811	2657
Less: Accumulated Depreciation & Lease Adj.	3754	3462	3146	2840	2585	2365	2179	2005	1861	1723	1595
Net Block	1471	981	989	982	1044	1095	1170	1177	1143	1088	1062
Capital WIP	1157	658	303	185	95	109	59	57	61	72	73
Investments	52	8	8	8	9	29	10	10	10	10	15
Current Assets, Loans & Advances	36901	27906	20980	16331	13343	10425	8348	8054	7576	7002	6538
Total assets	39581	29554	22280	17506	14491	11658	9587	9298	8790	8172	7688
III WHAT THE COMPANY OWED											
Borrowings (incl. Credits for assets taken on lease)	149	95	89	558	537	540	531	666	1026	241	170
Current liabilities & provisions	28333	20022	14337	10320	8446	6337	4756	4714	4163	4574	4437
Total liabilities	28482	20117	14426	10878	8983	6877	5287	5380	5189	4815	4607

Ten Years Summary (Contd.)

(Rs. in Crore)

IV NET WORTH OF THE COMPANY											
Share Capital	490	490	245	245	245	245	245	245	245	245	245
Reserves & Surplus	12449	10285	8544	7057	5782	5051	4559	4225	3586	3354	2840
Less : Deferred Revenue Expenditure	0	0	0	0	0	18	96	249	229	241	2
Net Worth	12939	10775	8789	7302	6027	5278	4708	4221	3602	3358	3083
V CAPITAL EMPLOYED											
	8141	7362	5571	5517	4557	3706	3652	4048	4233	3165	2642
VI VALUE ADDED											
	9894	8323	7182	5683	4254	3680	3248	3074	2660	2832	2983
VII RATIOS											
PBDIT to total assets (%) #	15.08%	18.4%	20.4%	17.9%	14.4%	12.0%	11.0%	10.3%	5.9%	13.1%	15.0%
Gross profit to capital employed (%) #	62.96%	69.0%	68.2%	52.1%	40.2%	29.2%	22.3%	18.3%	9.1%	30.5%	37.4%
Turnover/ gross block	5.37	4.8	4.5	3.8	2.8	2.5	2.2	2.3	2.1	2.4	2.6
Earnings per share (Rs.) ^a	64.11	58.4	98.7	68.6	39.0	26.9	18.2	19.1	12.8	24.5	22.3
Net worth per share (Rs.) ^a	264.32	220.1	359.0	298.31	246.24	215.64	192.36	172.43	147.16	137.19	125.94
Current Ratio	1.3	1.4	1.5	1.6	1.6	1.7	1.8	1.7	1.8	1.5	1.5
Total Debt / Equity	0.01	0.01	0.01	0.08	0.09	0.10	0.11	0.16	0.28	0.07	0.05
Return on Net Worth	24.26%	26.5%	27.5%	23.0%	15.8%	12.5%	9.4%	11.1%	8.7%	17.8%	17.6%
Gross profit margin	17.41%	20.9%	20.2%	18.1%	16.1%	12.4%	11.5%	10.4%	5.3%	13.4%	14.2%
Net profit margin	11.20%	13.4%	12.9%	11.6%	9.2%	7.6%	5.9%	6.4%	4.9%	9.0%	8.0%

On the basis of average net assets and capital employed

^a Figures upto 2007-08 is based on number of shares pre-bonus issue.

Reconciliation of Profit (Standalone) determined under Indian GAAP with Net Income in accordance with US GAAP for the year 2008-09

	Notes	Rs Crore	US \$ (Million)
Profit after tax (Standalone) determined under Indian GAAP		3,138.21	615.94
Adjustment to conform with US GAAP			
Rental Income (lease)	1	(39.77)	(7.81)
Income from investment in Joint Ventures & Subsidiary	2	(41.50)	(8.15)
Research & Development Expenses	3	(14.49)	(2.84)
Depreciation	4	54.26	10.65
Prior period items (incl. provision for taxation earlier years Rs. (-) 77.72 Crore)	5	(85.01)	(16.68)
Net income in accordance with US GAAP		3,011.70	591.11

1US \$ = Rs. 50.95 (Exchange rate as on 31.03.2009)

The above US GAAP reconciliation is subject to the following adjustments:-

(a). Revenue Recognition - In respect of long term construction contracts entered before 1.4.2003

Recognition of revenue in respect of long production cycle items is made on technical estimates. When the aggregate value of shipment 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 contract. Income from erection and project management services is recognised on work done based on : Percentage of completion; or the intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognised as income when the contract is completed. Income from engineering services rendered is recognised at realisable value based on the percentage of work completed. Income from Supply/erection of non-BHEL equipment/systems and civil works is recognised based on dispatches to customer/work done at project site.

As per US GAAP, Revenue is recognised on percentage-of-completion method for Construction Contracts. Impact on reconciliation of US GAAP is not ascertained.

There is no difference in Revenue Recognition in respect of long term construction contracts entered on or after 1.4.2003.

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 dimunition 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.

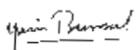
4. Depreciation

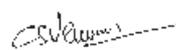
As per Indian GAAP depreciation is charged to Income statement on assets given on finance lease prior to 1.4.2001. Under US GAAP assets given on finance lease, finance income is recognised. As per Indian GAAP amortisation of R&D assets is shown under depreciation / amortisation. Under US GAAP amortisation 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


(Navin Bansal)
Partner


(C. S. Verma)
Director (Finance)

Date : July 28, 2009
Place: New Delhi

Auditor's Report on US GAAP Reconciliation

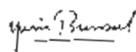
We have audited the Reconciliation of Net Profit of Bharat Heavy Electricals Limited for the year ended 31st March, 2009 under Indian GAAP to Net Income in accordance with US GAAP ("the Reconciliation") subject to:

- i) Revenue recognition in respect of long term construction contracts entered before 01.04.2003 [Refer Note No. (a)];

Consequential impact, if any, of the above on the income as per US GAAP remains unascertained.

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


(Navin Bansal)
Partner
Membership No. 091922

Place: New Delhi
Date: July 28, 2009

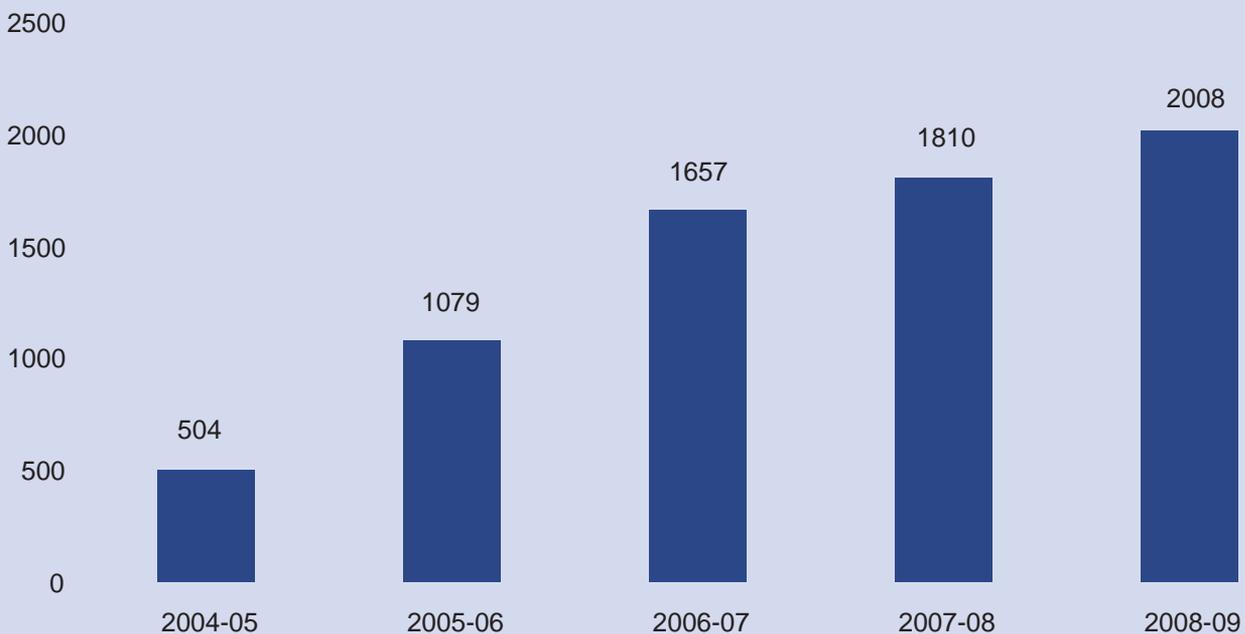
Economic Value Added (EVA)

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. Crs. except as otherwise stated

	2008-09	2007-08	2006-07	2005-06	2004-05
Cost of capital					
Cost of equity (%)	13.4	14.4	14.6	11.9	11.8
Weighted average cost of capital (WACC) (%)	13.4	14.4	14.4	11.5	11.6
Average capital employed	7751	6467	5544	5037	4132
Economic Value added					
NOPAT	3047	2739	2454	1660	986
Less: Cost of capital	1039	929	797	581	482
Economic value added	2008	1810	1657	1079	504
Enterprise Value					
Market Value of equity	73944	100907	55349	54874	18758
Add: Debt	149	95	89	558	537
Less: Cash and cash equivalents	10315	8386	5809	4134	3178
Enterprise value	63778	92616	49629	51298	16117

EVA (Rs. Crore)



VALUE ADDITION STATEMENT

(Rs/cr.)

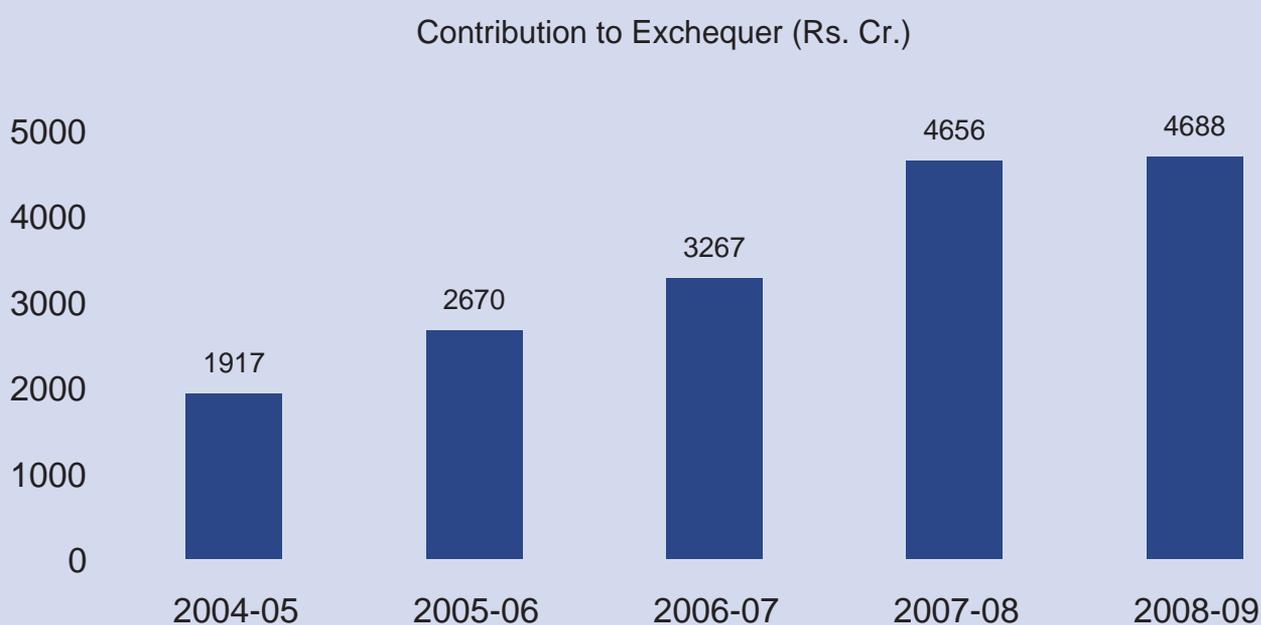
Description	2008-09	2007-08	2006-07	2005-06	2004-05
A. Generation of Value Addition					
Value of Production (less excise duty)	27351	20090	17324	13675	10031
Less- Direct Material, Power & Fuel and Payments to Contractors	17458	11767	10142	7992	5777
Value Added	9894	8323	7182	5683	4254
Less - Other Operating Exp (Net of income)	567	415	679	935	704
Net Value Addition	9327	7908	6503	4748	3550
% to value of production	34.10%	39.36%	37.54%	34.72%	35.39%
B. Application of Value Addition					
Employees payments	4113	3146	2451	1879	1651
% to net value addition	44.10%	39.78%	37.69%	39.57%	46.49%
Depreciation	334	297	273	246	219
% to net value addition	3.58%	3.76%	4.20%	5.18%	6.16%
Financing charges :					
- Interest on borrowings	31	35	43	59	81
% to net value addition	0.33%	0.44%	0.67%	1.24%	2.29%
DRE of VRS charged off	0	0	0	0	18
% to net value addition	0.00%	0.00%	0.00%	0.00%	0.51%
Tax Provision (Income Tax., Def. tax, FBT & Prior Period)	1711	1571	1321	885	628
% to net value addition	18.34%	19.87%	20.32%	18.64%	17.69%
Dividend (incl. dividend tax)	974	873	692	405	222
% to net value addition	10.43%	11.04%	10.65%	8.52%	6.27%
Retained Profit	2165	1986	1722	1274	731
% to net value addition	23.21%	25.11%	26.48%	26.84%	20.59%

Performance vis-à-vis Annual Plan 2008-09

(Rs. In Crore)

Category of Investment	Target	Actual
Schemes	761.60	817.38
Modernisation & Rationalization and Others	61.86	76.81
Science & Technology	18.64	12.37
Tools & Plants and Enabling Services for power plant Sites	174.20	175.13
TOTAL	1016.30	1081.69

Contribution to Exchequer



Product Profile

THERMAL POWER PLANTS

- Steam turbines, boilers and generators of up to 800 MW capacity for utility and combined-cycle applications;
capability to manufacture boilers and steam turbines with supercritical steam cycle parameters and matching generators of up to 1000 MW unit size.
- Steam turbines, boilers and generators for CPP applications; capability to manufacture condensing, extraction, back pressure, injection or any combination of these types of steam turbines.

NUCLEAR POWER PLANTS

- Steam generator & Turbine generator up to 700 MW capacity.

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.
- Mini/micro hydro sets.
- Spherical, butterfly and rotary valves and auxiliaries for hydro stations.

DG POWER PLANTS

- HSD, LDO, FO, LSHS, natural gas/biogas-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 120 MW.
- Gas turbines and matching generators ranging from 3 to 280 MW (ISO) rating.
- Industrial steam turbines and gas turbines for drive applications and co-generation applications.

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.
 - Pulverised fuel fired boilers.
 - Stoker boilers
 - Atmospheric fluidised bed combustion boilers.
 - Circulating fluidised bed combustion boilers.
- Heat-recovery steam generators.
- 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, with capacity ranging from 25 to 800m³/s and pressure ranging from 120 to 1,480 m of gas column.
 - Axial impulse fans for both clean air and flue gas applications, with capacity ranging from 7 to 600m³/s and pressure up to 700 m of gas column.
 - Single and double-suction radial fans for clean air and dust-laden hot gases applications up to 4000C, with capacity ranging from 4 to 600m³/s and pressure ranging from 150 to 1,800 m of gas column.
- Air-Preheaters
 - Ljungstrom rotary regenerative air-Preheaters for boilers and process furnaces.
 - Large regenerative air-Preheaters for utilities of capacity up to 1000 MW/Gravimetric Feeders.
- Pulverisers
 - Bowl mills of slow and medium speed of capacity up to 100 t/hour.
 - Tube mills for pulverising low-grade coal with high-ash content.
- Pulse Jet and Reverse Air Type Fabric Filters (Bag Filters).
- Electrostatic Precipitators
 - Electrostatic precipitators of any capacity with efficiency up to 99.9% for utility and industrial applications.

- Mechanical Separators.
- 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 (swing-check and piston lift-check) types for steam, oil and gas duties up to 600 mm diameter, 250 kg/cm² pressure and 5400C temperature.
 - High-capacity safety valves and automatic electrically operated pressure relief valves for set pressure up to 200 kg/cm² and temperature up to 5500C.
 - Safety relief valves for applications in power, process and other industries for set pressure up to 175 kg/cm² and temperature up to 5650C.
 - Ceramic wear-resistant lining material for application in pulverised and coal piping components of thermal power stations as well as in cement, coal and steel industries.

PIPING SYSTEMS

- Constant load hangers, clamp and hanger components, variable spring hangers for power stations up to 1000 MW capacities, combined cycle plants, industrial boilers and process industries.

HEAT EXCHANGERS AND PRESSURE VESSELS

- CS/AS/SS/Non-ferrous shell and tube heat exchangers and pressure vessels.
- Air-cooled heat exchangers.
- Surface condensers.
- Steam jet air ejectors.
- Columns.
- Reactors, drums.
- LPG/propane storage bullets.
- LPG/propane mounded storage vessels.
- Feed water heaters.

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 pumps.
- Circulating water pumps.
- Emergency oil pumps.
- Lubricating oil pumps.
- Standby oil pumps.

POWER STATION CONTROL EQUIPMENT

- Microprocessor-based distributed digital control systems.
- Data acquisition systems.
- Man-machine interface.
- Sub-station controls with SCADA.
- Static excitation equipment/automatic voltage regulator.
- Electro-hydraulic governor control.
- Turbine supervisory system and control.
- Burner Management system.
- Controls for electrostatic precipitators.
- Controls for HP/LP bypass valves.
- Soot blower control.
- Auxiliary pressure reduction and de-superheating system.
- Balance of Plant station controls.
- Gas turbine control system.

SWITCHGEAR

- Switchgear of various types for indoor and outdoor applications and voltage ratings up to 400 KV.
- Minimum oil circuit breakers (66KV - 132KV).
- SF6 circuit breakers (132 KV - 400 KV).
- Vacuum circuit breakers (3.3 KV - 33 KV).
- Gas insulated switchgears (145 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 up to 765 KV.
- HVDC transformers and reactors up to \pm 500 KV rating.
- Series and shunt reactors of up to 400 KV rating and 765 KV is under development.

- Instrument transformers :
 - Current transformers up to 400 KV.
 - Electro-magnetic voltage transformers up to 220 KV.
 - Capacitor voltage transformers up to 400 KV.
- Cast resin dry type transformers up to 10 MVA 33KV.
- 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 400 kN electro-mechanical strength, for clean and polluted atmospheres.
 - Pin insulators up to 33 KV including radio free design.
 - Post insulators suitable for applications up to 220 KV stacks.
 - Hollow porcelains up to 400 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.
 - Disc insulators for 800 KV AC and \pm 500 KV HVDC transmission lines (BHEL is the first Indian manufacturer to supply such insulators).

INDUSTRIAL AND SPECIAL CERAMICS

- High-performance ceramics for special applications like: alumina, substrates, crucibles, pebbles, metal ceramic jointing components, etc.
- Cordierite Honeycomb 80 to 400 cpsi in different contours and lengths for various applications including petrol and diesel vehicles.

CAPACITORS

- Power capacitors for industrial and power systems of up to 250 KVA rating for application up to 400 KV.
- Coupling/CVT capacitors for voltages up to 400 KV.
- CAPSWITCH – solid state switch for on/off control of capacitor banks – for LT applications.

ELECTRICAL MACHINES

AC squirrel cage, slipring, synchronous motors, industrial alternators and DC machines are manufactured as per range summarised below. Special-purpose machines are manufactured on request.

- AC Machines for Safe Area Application
 - Induction Motors
 - Squirrel cage
 - 150 to 35000 KW
 - Slipring
 - 150 to 15000 KW
 - Synchronous motors
 - 1000 to 17500 KW
 - Variable-Speed drives
 - Synchronous motors
 - 1000 to 17500 KW
 - Induction motors
 - 200 to 35000 KW
- AC Machines for Hazardous Area Application
 - Flame-proof motors (Ex.'D')
 - 150 to 1600 KW
 - Pressurised (Ex. 'P')
 - 150 KW and above
 - Non-sparking (Ex. 'N')
 - Variable speed
 - Increased safety (Ex. 'E')
 - Synchronous and
 - Squirrel Cage
- DC Machines
 - Mill Duty
 - 3.5 to 186 KW
 - Medium/Large
 - 75 to 12000 KW
- Industrial Alternators
 - steam turbine, gas turbine and diesel engine driven
 - 2000 KVA to 60,000 KVA
- Voltage & Enclosure
 - Voltage
 - AC-415 V to 13800 V
 - DC - up to 1200 V
 - Enclosure
 - SPDP, CACW, CACA, TETV.

COMPRESSORS

- Centrifugal compressors of varying sizes, driven by steam turbine/gas turbine/motor, for industrial applications handling almost all types of gases; range covers pressure up to 800 kg/cm² and capacity upto 350,000 Nm³/hour.

CONTROL GEAR

- Industrial Control gear
 - Control panels and cubicles for applications in steel, aluminium, cement, paper, rubber, mining, sugar and petrochemical industries.
 - Liquid rotor starters for slipping induction motors of up to 2500 hp rating.
 - Liquid regulators for variable-speed motors
- Contractors
 - 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 equipment for railways and other traction applications.
- Control and Relay Panels
 - Control Panels for voltages up to 400 KV and control desks for generating stations and EHV substations.
 - Control and relay boards.
 - Turbine gauge boards for thermal, gas, hydro and nuclear sets.
 - Turbine electrical control cubicles.
 - Outdoor-type control panels and marshalling kiosks, swinging type synchronising panel and mobile synchronising trolley.
 - Transformer tap-changer panels.

SILICON RECTIFIERS

- Silicon power rectifiers with matching transformers for industrial applications like aluminium/copper/zinc smelting, for electrolysis in chemical industry and AC/DC traction application.

THYRISTOR GTO/IGBT EQUIPMENT

- Thyristor converter/inverter equipment for DC drives and synchronous motors.
- Thyristor high current/high voltage power supplies.
- Static AC variable-speed drive systems using GTO/IGBT.

- Thyristor valves and controls for HVDC transmission.
- High frequency induction heating equipment.
- Thyristor valves and controls for reactive power management.

POWER DEVICES

- High-power capacity silicon diodes, thyristor devices and solar photovoltaic cells.

TRANSPORTATION EQUIPMENT

- AC electric locomotives.
- AC-DC dual voltage electric locomotives.
- Diesel-electric locomotives.
- Diesel hydraulic locomotives.
- OHE recording-cum-test car.
- Electric traction equipment (for conventional DC drive well as 3-phase AC drives, diesel/electric locos, electric multiple units, diesel multiple units and urban transportation systems).
- Traction motors.
- Transformers smoothing reactors.
- Traction generators/alternators.
- Rectifiers.
- Bogies.
- Vacuum circuit breakers.
- Auxiliary machines.
- Microprocessor-based electronic control equipment.
- Power converter/inverter.
- Static inverter for auxiliary supply.
- Locomotive control resistances i.e. field diverters, dynamic braking resistors and inductive shunts.
- Dynamic track stabilizers.
- Ballast cleaning machines.
- Traction control gear.
- Vessel Traffic Management system.
- Ceramic catalytic converter for pollution control.

OIL FIELD EQUIPMENT

- Oil Rigs –
A variety of on-shore rigs, work-over rigs, mobile rigs, helirigs, desert 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
- Well Heads and Christmas Trees/sub-sea equipment:
 - Well Heads and X-Mas Trees for working pressures up to 10,000 psi.
 - Choke and kill manifolds.
 - Mud valves.
 - Full bore valves.
 - Block valves.
 - Mudline suspension system.
 - Casing support system.
 - Sub-sea Well Heads.

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.
- Spiral finned tubes
 - High-frequency resistance welded finned tubes for heat recovery steam generators, economisers and heat furnaces.

DISTRIBUTED POWER GENERATION AND SMALL HYDRO PLANTS

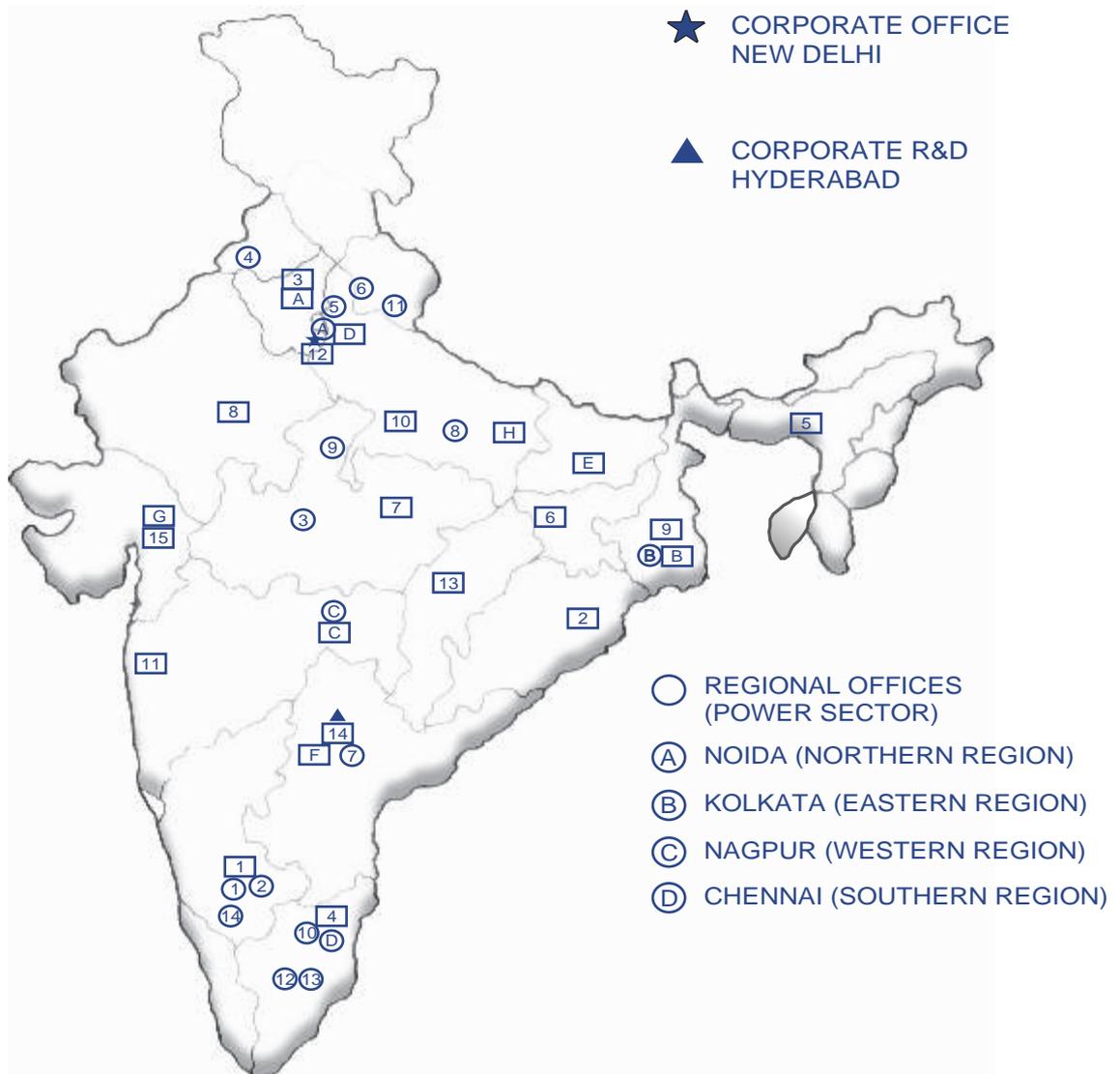
- Wind electric generator of up to 250 KW rating.
- Solar PV systems and power plants.
- Solar pumps.
- Solar water heating system.
- Solar lanterns, home lighting and street lighting.
- Small hydro power plants up to 25 MW station capacity.

SYSTEMS AND SERVICES

- Power Generation Systems.
 - Turnkey power stations.
 - Combined-cycle power plants.
 - Cogeneration systems.
 - Modernization and Rehabilitation of power stations.
- Transmission systems
 - Sub-stations/switchyards.
 - HVDC transmission systems.
 - Shunt and Series compensation systems.
 - Power system analysis and controls.
 - FACTS & CSR.
- Distribution systems
 - Substations
 - Automation
 - Remote metering
- Transportation system
 - Traction systems.
 - Urban transportation systems.
- Industrial systems
 - Industrial drives and control systems.

Erection, commissioning, operation and maintenance services, spares management and consultancy services for all the above systems.

BHEL in India



□ BUSINESS OFFICES

○ MANUFACTURING UNITS

□ SERVICE CENTRES

- | | |
|---------------|-----------------|
| 1 BANGALORE | 10 LUCKNOW |
| 2 BHUBANESWAR | 11 MUMBAI |
| 3 CHANDIGARH | 12 NEW DELHI |
| 4 CHENNAI | 13 RAIPUR |
| 5 GUWAHATI | 14 SECUNDERABAD |
| 6 RANCHI | 15 VADODRA |
| 7 JABALPUR | |
| 8 JAIPUR | |
| 9 KOLKATA | |

- | | | | |
|----|----|---|-----------------|
| 14 | 1 | 2 | BANGALORE |
| | 3 | | BHOPAL |
| | 4 | | GOINDWAL |
| 5 | 6 | | HARIDWAR |
| | 7 | | HYDERABAD |
| | 8 | | JAGDISHPUR |
| | 9 | | JHANSI |
| | 10 | | RANIPET |
| | 11 | | RUDRAPUR |
| 12 | 13 | | TIRUCHIRAPPALLI |

- | | |
|---|--------------|
| A | CHANDIGARH |
| B | KOLKATA |
| C | NAGPUR |
| D | NOIDA |
| E | PATNA |
| F | SECUNDERABAD |
| G | VADODARA |
| H | VARANASI |



CANADA

USA

UNITED KINGDOM

IRELAND

ITALY

FRANCE

MALTA

ALGERIA

CYPRUS

LIBYA

TRINIDAD & TOBAGO

SURINAME

SENEGAL

GHANA

UGANDA

RWANDA

ZAMBIA



Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi-110049

NOTICE

Notice is hereby given that the 45th Annual General Meeting of the Members of BHARAT HEAVY ELECTRICALS LIMITED will be held on Thursday, the 17th September, 2009 at 10.00 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, 2009 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.
3. To appoint a Director in place of Shri Anil Sachdev, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B P Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix the remuneration of the Auditors.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**
"RESOLVED THAT Shri Ashok Kumar Basu, 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. 22nd June, 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 the Director himself pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company."
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**
"RESOLVED THAT Shri M A Pathan, 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. 22nd June, 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 the Director himself pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Smt. Reva Nayyar, 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. 22nd June, 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 the Director herself pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Shri Rajiv Bansal, 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. 14th July, 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 the Director himself pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company."

10. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Shri Saurabh Chandra, 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. 20th July, 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 the Director himself pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company."

By Order of the Board of Directors



(I P Singh)

COMPANY SECRETARY

New Delhi

Dated: August 12, 2009

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. Shri Anil Sachdev and Shri B. P. Rao, Directors, retire by rotation and being eligible, offer themselves for re-appointment. However, as per their terms of appointment, the tenure of S/Shri Anil Sachdev and B. P. Rao as Directors of the company will expire on 31.03.2012 and 31.08.2012 respectively.
5. The Register of Members and Share Transfer books of the Company shall remain closed from 3rd September, 2009 to 17th September, 2009 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
6. Members are advised to submit their Electronic Clearing Service (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 ECS.
7. The Board of Directors has recommended a final dividend of 80% on the Paid-up Share Capital of the Company besides an interim dividend of 90% already paid during the year 2008-09.
8. The final dividend on the Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2009, when sanctioned at the Annual General Meeting of the Company will be payable within 30 days from the date of declaration of dividend by the members i.e. on or before 16th October, 2009, to those shareholders whose name appears on the Company's Register of Members or as the beneficial owner of shares in the records of the Depository as on 3rd September, 2009.
9. Pursuant to section 205A 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 2001-2002 which remains unclaimed is due to be transferred to the said account on 28th October, 2009 and for the further years commencing from 2002-03 onwards on their respective due dates.

Members who have not claimed / encashed their Dividend so far for the financial year ended 31st March 2002 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 (given elsewhere in 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 2009-10 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:-

- (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
- (ii) 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 :-

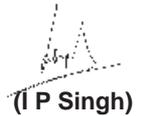
- (i) to bring their copies of Annual Report , Notice and Attendance Slip at the time of the meeting.

(ii) to quote their Folio Nos./ ID Nos. in all correspondence.

(iii) to note that no briefcase or bag will be allowed to be taken inside the auditorium for security reasons.

(iv) 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, 2009

Registered Office:

“BHEL House”, Siri Fort, New Delhi-1100 049

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. 6 to 10 of the accompanying Notice dated August 12, 2009.

ITEM NO. 6

Shri Ashok Kumar Basu, aged 67 years, is a retired IAS officer. As per the direction of the Govt. of India, Shri Ashok Kumar Basu was appointed as an Additional Director of the Company w.e.f. 22.06.2009 to hold the Office for a period of three years i.e. upto 21.06.2012 or until further orders, whichever is earlier. Having been so appointed, Shri Ashok Kumar Basu 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 re-appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing along with a deposit of Rs. 500/- from the Director himself, proposing his candidature for the Office of Director of the Company.

None of the Directors of the Company except Shri Ashok Kumar Basu is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

ITEM NO. 7

Shri M A Pathan, aged 67 years, is an Honours Graduate in Economics with specialization in Petroleum Management from Cambridge, Massachusetts, USA. As per the direction of the Govt. of India, Shri M A Pathan was appointed as an Additional Director of the Company w.e.f. 22.06.2009 to hold the Office for a period of three years i.e. upto 21.06.2012 or until further orders, whichever is earlier. Having been so appointed, Shri M A Pathan 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 re-appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing along with a deposit of Rs. 500/- from the Director himself, proposing his candidature for the Office of Director of the Company.

None of the Directors of the Company except Shri M A Pathan 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

Smt. Reva Nayyar, aged 63 years, is a retired IAS officer. As per the direction of the Govt. of India, Smt. Reva Nayyar was appointed as an Additional Director of the Company w.e.f. 22.06.2009 to hold the Office for a period of three years i.e. upto 21.06.2012 or until further orders, whichever is earlier. Having been so appointed, Smt. Reva Nayyar 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 re-appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing along with a deposit of Rs. 500/- from the Director herself, proposing her candidature for the Office of Director of the Company.

None of the Directors of the Company except Smt. Reva Nayyar 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 Rajiv Bansal, aged 46 years, is Joint Secretary, Deptt. of Heavy Industry, Ministry of Heavy Industries and Public Enterprises. As per directions of Government of India, Shri Rajiv Bansal was appointed as a Part-time Official Director of the Company w.e.f. 14th July, 2009. Having being so appointed, Shri Rajiv Bansal 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 re-appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing along with a deposit of Rs. 500/- from the Director himself, proposing his candidature for the Office of Director of the Company.

None of the Directors of the Company except Shri Rajiv Bansal is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

ITEM NO. 10

Shri Saurabh Chandra, aged 54 years, is Additional Secretary & Financial Adviser (AS&FA), Department of Industrial Policy and Promotions, Ministry of Commerce & Industry. As per directions of Government of India, Shri Saurabh Chandra was appointed as a Part-time Official Director of the Company w.e.f. 20th July, 2009. Having being so appointed, Shri Saurabh Chandra 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 re-appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing along with a deposit of Rs. 500/- from the Director himself, proposing his candidature for the Office of Director of the Company.

None of the Directors of the Company except Shri Saurabh Chandra 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, 2009

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 ofor failing
him/her
of.....in the District of
.....as my/our proxy to vote for me/us on my/our behalf
at the 45th Annual General Meeting of the Company to be held on 17th September 2009 and at any adjournment thereof.
Signed this day of.....2009.

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

45th ANNUAL GENERAL MEETING

to be held on Thursday, the 17th day of September, 2009

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 45th Annual General Meeting on 17th September 2009.

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 Electronic Clearing Services (ECS)

In case you have not already sent the 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 45th Annual General Meeting of the company to be held on 17th September 2009.

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 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 endeavour to serve you better.

Yours faithfully

Sd/

(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 / ECS mandate.

FORM FOR 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 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 :

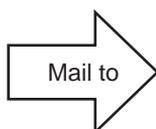
appearing on the MICR cheque

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 ECS could not be implemented or the Bank discontinues the ECS, for any reason.



M/s Karvy Computershare Pvt. Ltd.
UNIT: BHEL
17-24, Vittal Rao Nagar,
Madhapur HYDERABAD-500081

.....
Signature of the Shareholder

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 5D of 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.

TEAR HERE

*C
o
r
p
o
r
a
t
e

S
o
c
i
a
l

R
e
s
p
o
n
s
i
b
i
l
i
t
y*



खेल-कूद प्रति-वेगिता



खेल-कूद प्रति-वेगिता

*C
o
r
p
o
r
a
t
e

S
o
c
i
a
l

R
e
s
p
o
n
s
i
b
i
l
i
t
y*



Bankers

State Bank of India
ABN AMRO Bank N.V.
Bank of Baroda
Canara Bank
CITI Bank N.A.
Corporation Bank
Deutsche Bank AG
HDFC Bank Ltd.
The Hongkong and Shanghai
Banking Corporation Ltd.
ICICI Bank Ltd.
IDBI Ltd.
Punjab National Bank
Standard Chartered Bank
State Bank of Travancore
State Bank of Hyderabad
Syndicate Bank
Indian Bank
Oriental Bank of Commerce
Kotak Mahindra Bank Ltd.
UCO Bank
Central Bank of India
The Federal Bank Limited

Auditors for 2008-09

A Raghvendra Rao & Associates, Bangalore
Arora & Choudhary Associates, New Delhi
C. Venkat Krishna & Co., Hyderabad
Chandran & Raman, Chennai
Demble Ramani & Co., Nagpur
G K Rao & Co., Secunderabad
G P Ghose & Associates, Kolkata
Ghosh Khanna & Co., New Delhi
Habibullah & Co., Varanasi
Kalyanasundram & Co., Ranipet
M.L.Puri & Co., New Delhi
P R Mehra & Co., New Delhi
P. L. Tandon & Co., Kanpur
R.K. Kumar & Co., Chennai
Tasky Associates, Bhopal
Tembey & Mhatre, Mumbai
Vipul Mandeep Arora & Associates, Amritsar, Punjab

Share Transfer Agent

M/s. Karvy Computershare Private Ltd.

UNIT : **BHEL**

Delhi Address : 105-108, Arunachal Building,
: 19, Barakhamba Road,
: New Delhi-110001
: Tel. : 011-23324401/09
: Fax : 01123730743

Hyderabad Address

UNIT : **BHEL**

: 17-24, Vittal Rao
Nagar, Madhapur,
Hyderabad-200 081
Tel. : 040-23420815-28
Fax : 040-23420814
Email : madhusudhan@karvy.com
mailmanager@karvy.com
Web : www.karvycomputershare.com

Registered Office

BHEL House, Siri Fort,
New Delhi-110049 (India)
Phone : 26001010 (15 Lines)
Fax : 011-26493021
<http://www.bhel.com>



Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi-110 049, India
Website: www.bhel.com



Powering progress

Brightening lives