

Turnover
₹ 43337 Crore

Profit After Tax
₹ 6011 Crore

Orders Inflow
₹ 60507 Crore

ANNUAL REPORT

2010-11

Power



Transmission



Industry



Transportation



NCES



Oil & Gas



***Steering Change...
Sustaining Growth...***



Vision

A World-Class Engineering Enterprise Committed to Enhancing Stakeholder Value

Mission

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

Values

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

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Letter to Shareholders



Dear Shareholders,

It gives me great pleasure in reporting that we concluded another successful year of BHEL's growth story. 2010-11 was an excellent year, which saw private as well as public sector utilities and other customers reposing confidence in company's capabilities. Your company turned out spectacular financial performance. Your company has managed to sustain its leadership position and is ready to embark on a new phase of dynamic growth.

I take this opportunity to share with you some of the key highlights of the year gone by:

Business & Financial Accomplishments:

Turnover of your company has quadrupled and profit has increased by six times during last six years. Top line of the company was ₹ 43,337 crore, recording the strong growth of 27%. With Profit Before Tax of ₹ 9006 crore and Profit After Tax of ₹ 6011 crore, the profitability rose appreciably by 37% and 39% respectively during the year. BHEL had many accomplishments in various business areas. Some of them are:

- In spite of difficult market conditions, BHEL booked orders of 7 nos. Boilers and 9 nos. Turbine-Generators with supercritical parameters from public as well as private sector utilities.
- BHEL secured record orders worth ₹ 60,507 Crore, during the year, despite various challenges confronting the power sector in recent times. At the end of the year, total orders in hand for execution in 2011-12 and beyond, stand at about ₹ 1,64,145 Crore.
- Order of first 700 MW Nuclear TG (2 sets) for KAPP 3,4 from NPCIL in consortium with Alstom - new rating introduced.
- Repeat order for 10 sets of 270 MW each from the Indiabulls Group indicating confidence of customers in your company.
- Export orders from 24 countries across five continents.
- The company is continuing to invest heavily in building capacities and capabilities, not only to cope with rising demand, but also in view of our drive to strengthen our engineering character. Therefore, Capital investment of ₹ 1,655 crore and R&D expenditure of ₹ 982 crore were incurred during the year.
- Economic Value Addition (EVA) reached ₹ 3,793 Crore, a 42% y-o-y increase.
- EPS on the post-bonus equity capital increased to ₹ 122.80 against previous year's ₹ 88.06.
- A final dividend of 179% has been recommended by Board, in addition to the interim dividend of 132.5% for the year, making a total of 311.50% for the year.

For a New Phase of Dynamic Growth

BHEL is committed to drive a new phase of growth, at a time of increasing focus of Government of India on developing infrastructure sector.

In this environment, your company has over a period of time established a number of differentiating competitive strengths, including a powerful manufacturing base, world-class equipment performance, the technology edge, diversified business portfolio, country-wide efficient after-sales-service network, a robust balance

sheet capable of supporting its growth ambitions and strong human capital base.

Backed by these attributes, your company continues to pursue its '6-Point Strategy' to sustain its leadership in its current business areas and capture opportunities in emerging growth areas.

1. Capacity Enhancement

Augmentation of manufacturing capacity from 15,000 MW to 20,000 MW is on track for completion by March 2012. I am pleased to inform you that BHPV Vizag which we acquired in 2008 as part of our inorganic growth strategy has turned profitable in 2010-11. Further, your company has taken 51% stake in Kasargod unit of KEL Kerala for rapid capacity enhancement for rotating electrical machines. We will continue to build capacities both organically as well as inorganically.

2. Accelerated Project Execution

Your company has continually been improving its execution capabilities. Key drivers of our strategy are vendor base expansion, Advanced Manufacturing Actions, greater application of Information Technology, Rate Contracts, enhanced outsourcing, deployment of additional tools and plants, Away Center Fabrication and greater empowerment of project managers. Further, to address skill deficit in power sector your company has taken various initiatives like adoption of ITIs and leveraging in-house training infrastructure for skill enhancement in the sector. On the back of these initiatives, we were able to synchronize/ commission highest ever 9442 MW of power plant equipments during the year.

3. Product Cost Competitiveness & Quality

There is a constant endeavor to reduce costs. Points of focus include global sourcing, quicker indigenization, and various integrated operations improvement initiatives like Design-to-Cost (DTC), Purchase and Supply Chain Management (PSM) and Lean Manufacturing. These initiatives and others will increase our cost competitiveness while maintaining quality for which your company is well known.

4. Diversification

Your company is well positioned to continue its diversification strategy to enhance shareholders' value as we expand our offerings in new growth areas viz. Solar, Nuclear, Transportation, Transmission & Distribution, and Water. We remain positive that our diversification strategy would generate broad-based revenue streams for your company in the long run.

5. Engineering & Technology

As a result of conscious commitment to anticipate future needs of our society and to convert these needs into innovative technologies, your company continues to invest heavily in R&D. Company registered 31% growth in IPR capital taking the total to 1438 patents/ copyrights. It is heartening to note that today innovation-led business strategy of your company is globally recognized.

6. People Development

We strongly believe that the contribution of all of our talent is an essential component to our growth aspirations. Accordingly, we are reorienting focus of our Human Resource to develop not only each person's competencies, but also their performance and potential in alignment with our ongoing business challenges.

Conclusion

I would like to thank my fellow Directors on the Board and the members of the Management Committee for their wisdom and support. Various ministries of Govt particularly the Department of Heavy Industry have been providing valuable guidance and support in our efforts. And thanks also to our customers, shareholders, and other business partners for the opportunities to earn your confidence. Your company has been fortunate to have had visionary leaders and dedicated employees as the drivers of success.

I look forward to continued support from all stakeholders in BHEL's challenging yet exciting journey into the future.



B. Prasada Rao

Chairman & Managing Director

New Delhi

August 12, 2011



Board of Directors as on 31.07.2011



Shri B. Prasada Rao
Chairman & Managing Director



Shri Saurabh Chandra
Additional Secretary &
Financial Adviser



Shri Ambuj Sharma
Joint Secretary



Shri Ashok Kumar Basu
Director



Shri M.A. Pathan
Director



Smt. Reva Nayyar
Director



Shri V.K. Jairath
Director



Shri Trimbakdas S. Zanwar
Director



Shri S. Ravi
Director



Shri Anil Sachdev
Director (HR)



Shri Atul Saraya
Director (Power)



Shri I.P. Singh
Company Secretary



Shri O.P. Bhutani
Director (E,R&D)



Shri M.K. Dube
Director (IS&P)



Shri P.K. Bajpai
Director (Finance)

Management Committee as on 19.07.2011



Standing (Left to Right) : N. Khandelwal, A. K. Dave, Umesh Mathur, Rajeev Hajela, Vijay Kumar, S. M. Talukder, S. S. Gupta, A. Dasgupta, W.V.K. Krishna Shankar, B. Shankar, Subodh Gupta, Jitendra Kumar, Jainender Kumar, D. Ashok, Dr. H. S. Jain, T. N. Veeraraghavan

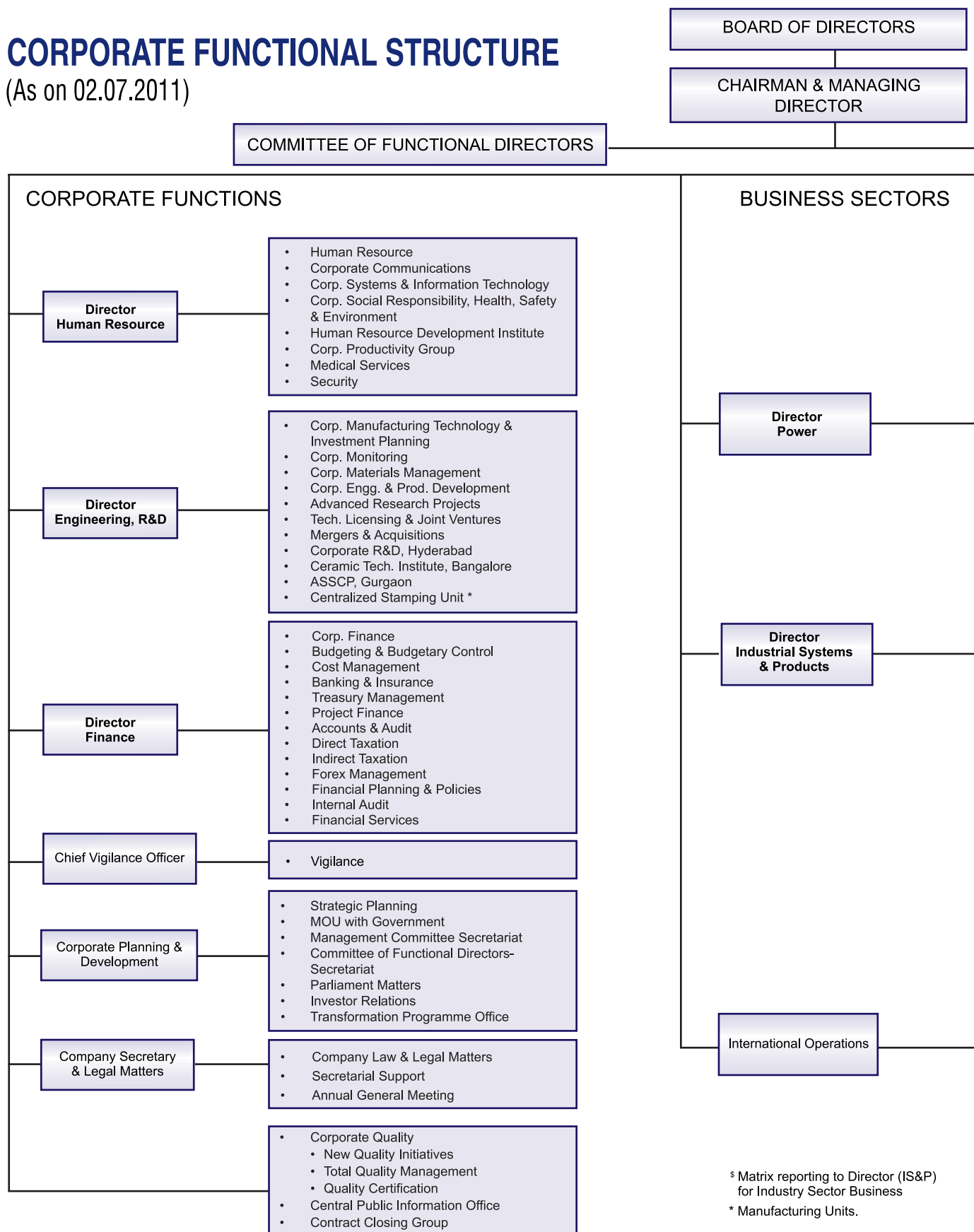
Sitting R-2 (Left to Right) : R. Krishnan, P. K. Uppal, M. Rajiv Kumar, R. K. Wanchoo, U. K. Das, S. Gopalakrishnan, G. Ganapathiraman, Ranjan Sahi, P. R. Shriram, A. V. Krishnan, V. Pandhi, A. Aurangabadkar, G. S. Bindra

Sitting R-1 (Left to Right) : D. K. Mody, P. K. Bajpai, O. P. Bhutani, Atul Saraya, B. Prasada Rao, Anil Sachdev, M. K. Dube, P. K. Agarwal, A. Chandrababu

B. Prasada Rao	- Chairman & Managing Director	- Corporate Monitoring
Anil Sachdev	- Human Resource	- Corporate Materials Management
	- Communications	
	- Systems and Information Technology	Dr. H.S. Jain
	- CSR, Health, Safety & Environment	- Corporate Research & Development
Atul Saraya	- Power Sector Business (Marketing, Project Engineering, E&C, Project Management, Spares & Services)	S. Gopalakrishnan
		- Power Sector Marketing
		- Thermal & Gas
		U.K. Das
		- Spares and Services Business
O.P. Bhutani	- Engineering, Research & Development	R.K. Wanchoo
	- Corporate Research & Development	- Project Engineering & Systems
	- Advance Research Projects	M. Rajiv Kumar
	- Operations Monitoring, Investment Planning, Materials Management	- Power Sector- Eastern Region
	- Technology Licensing & Joint Ventures and M&A	P.K. Uppal
	- Centralised Stamping Unit	- International Operations
		R. Krishnan
		- Heavy Power Equipment Plant
		P.K. Agarwal
		- Power Sector Marketing - Nuclear & Hydro
M.K. Dube	- Industrial Systems & Products Business (Captive Power Plants, Transmission, Transportation, Defence, Mechanicals, Electricals, Project Management)	Jitender Kumar
	- Ceramic Business	- Power Sector- Northern Region
	- Component Fabrication Plant	D Ashok
	- Project Engineering & Systems Division	- Ceramic Business
		Subodh Gupta
		- Captive Power Plant Business
		- Industry Sector-Project Management
		- Defence Business
P.K. Bajpai	- Corporate Finance	Jainender Kumar
	- Budgeting & Control	- Power Sector- Project Management
	- Cost Management	B. Shankar
	- Treasury Management	- Human Resource & Corporate Communication
	- Accounts & Audit	T.N. Veeraraghavan
	- Taxation	- Transmission Business
	- Forex Management	W.V.K. Krishna
	- Internal Audit	- Corporate Planning & Development
	- Financial Services	Shankar
		- Member Secretary, Management Committee
D.K. Mody	- Officer on Special Duty- Corp. Office	A. Dasgupta
P.R. Shriram	- Power Sector- Southern Region	- Corporate Systems and Information Technology
A. Aurangabadkar	- Power Sector- Western Region	S.S. Gupta
G. Ganapathiraman	- Electronics Division	- Heavy Electrical Plant
	- Electronics Systems Division	- Electrical Machines Repair Plant
	- Industrial Systems Group	S.M. Talukder
		- Centralised Stamping Unit- Fabrication Plant
V. Pandhi	- Heavy Electrical Equipment Plant	Vijay Kumar
	- Pollution Control Research Institute	- Corporate Quality
		- Contract Closing
A.V. Krishnan	- High Pressure Boiler Plant	- Central Public Information Officer
	- Seamless Steel Tube Plant	
	- Industrial Valves Plant	Rajeev Hajela
	- Piping Centre	- Technology Licensing & Joint Ventures
	- Welding Research Institute	- Mergers & Acquisitions
A. Chandrababu	- Boiler Auxiliaries Plant	
G.S. Bindra	- Project Engineering Management	Permanent Invitees
Ranjan Sahi	- Corporate Manufacturing Technology & Investment Planning	Umesh Mathur
		- Regional Operations
		A.K. Dave
		- Transformer Plant
		N Khandelwal
		- Central Foundry Forge Plant

CORPORATE FUNCTIONAL STRUCTURE

(As on 02.07.2011)



§ Matrix reporting to Director (IS&P) for Industry Sector Business

* Manufacturing Units.

MANAGEMENT COMMITTEE

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

- Captive Power Plant Business
- Industrial Products Business (Elect & Mech.)
- Transmission Business Group
- 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 Group
- Project Engineering & Systems Division, Hyderabad

- 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

Established more than 40 years ago, BHEL is the largest engineering and manufacturing enterprise of India in the energy & infrastructure related sectors. BHEL is amongst world's rarest few who have the capability to manufacture entire range of power plant equipment. Since its inception, BHEL is maintaining a consistent track record of growth, performance and profitability.

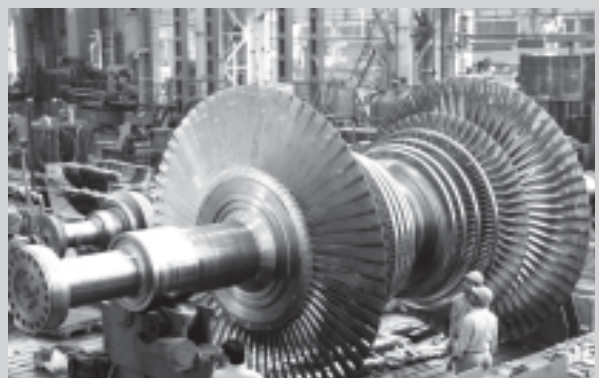
The company has grown in stature over the years with continued inflow of orders, manufacturing prowess, continued thrust on technology leading to a strong presence in domestic and international markets as a major supplier of power plant equipments besides establishing substantial inroads in select segment of products in Industrial sector and Railways. The company has realised the capability to deliver 15,000 MW p.a. power equipment capacity and the further expansion program is underway to reach 20,000 MW p.a by 2012.

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

BHEL, where Quality Systems as per ISO-9000 have

taken deep roots, has now made significant achievements in Business Excellence by securing recognition certificates from CII for four out of five units that participated in the CII-EXIM Business Excellence Award scheme in 2010-11.

Continuing its tradition of bagging prestigious national/ international awards, the company has been honoured with several awards which included 'EEPC Star Performer Award' in the Product Group of Project Exports for 20th consecutive year; SCOPE Award for 'Excellence and Outstanding Contribution to the Public Sector Management'; 'Dainik Bhaskar India Pride Award:2010' in Heavy Industries Category; 'ICWAI National Awards for Excellence in Cost Management' for 2009 among public and private sector companies for the fifth successive year; 'India Power Award for Equipment Manufacturing and for electrifying Lakshadweep Islands with Solar Power' from Council of Power Utilities; Six Prime Minister's Shram Awards including one 'Shram Bhushan' and three 'Vishwakarma Rashtriya Puraskars'; 'IEI Industry Excellence Award 2010' for Overall Business Excellence and Industry Practices from the Institution



500 MW Turbine LP Rotor under assembly at BHEL plant

of Engineers (India); 'NDTV Profit Business Leadership Award 2010'.

Power Generation

In Power generation segment, BHEL is the largest manufacturer in India supplying wide range of products & systems for thermal, nuclear, gas and hydro-based utility and captive power plants.

BHEL has proven turnkey capabilities for executing power projects from concept-to-commissioning. BHEL supplied utility power generating sets have crossed the landmark of 1, 00,000 MW and continue to maintain the record of nearly two-third of the overall installed capacity and around three-fourth of the power generated in India. BHEL supplies steam turbines, generators, boilers and matching auxiliaries up to 800 MW ratings, including sets of 660/700/800 MW based on supercritical technology. BHEL has facilities to go up to 1000 MW unit size. 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 is the only Indian company capable of manufacturing large-size gas-based power plant equipment, comprising of advanced-class gas turbines up to 289 MW (ISO) rating for open and

combined-cycle operations. BHEL engineers and manufactures custom-built hydro power equipments. Its range covers turbines of Francis, Pelton and Kaplan runners, pump turbines, bulb turbines and mini-micro hydro plants, with matching generators, for different head-discharge combinations.

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

Industries

BHEL is a leading manufacturer of a variety of Industrial Systems & Products to meet the demand of a number of industries , like metallurgical, mining, cement, paper, fertilizers, refineries & petro-chemicals etc. besides captive/industrial power utilities. BHEL has supplied systems and individual products including a large number of co-generation Captive power plants, Centrifugal compressors, Drive Turbines, Industrial boilers and auxiliaries, Waste heat recovery boilers, Gas turbines, Pumps, Heat exchangers, Electrical machines, Valves, Heavy castings and forgings, Electrostatic precipitators, ID/FD fans, Seamless steel tubes etc. to a number of industries other than power



Dadri 490 MW 2nd Unit commissioned in 2010-11



4x120 MW & 1x67 MW Tata Captive Power Plant at Jojobera, Jharkhand

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. The Industry business sector of the company is fully geared to execute EPC contracts for captive power plants from concept to commissioning.

Transportation

Most of the trains of Indian Railways, whether electric or diesel powered, are equipped with BHEL's traction propulsion system and controls. The systems supplied are both with the conventional DC and state-of-the-art AC drives. India's first underground metro at Kolkata runs on drives and controls supplied by BHEL. Almost all the EMUs in service are equipped with electrics manufactured and supplied by BHEL. BHEL has proved once again its capabilities and technological excellence by successfully establishing itself as an indigenous manufacturer of energy efficient IGBT based propulsion system for AC drives, a landmark achievement in transportation sector.

Loco manufacturing capacity at Jhansi unit is under augmentation to meet increased requirements of Indian Railways.

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

Renewable Energy

In conformity with its concern for the environment, BHEL has been contributing to the national effort for developing and promoting renewable energy based products on a sustained basis. Starting from small applications like Solar Powered Street Lighting, Rural Water Pumping Systems, Railway signalling, Offshore Drilling Platforms, etc., BHEL has supplied and commissioned large size stand-alone as well as Grid-interactive Solar Power Plants in a number of major cities and remote areas of the country. With an aim to perform a significant role in National Solar Mission's proposed target of 20,000 MW of grid connected solar power, BHEL signed an agreement with Abengoa, Spain, a leader in solar projects to provide EPC solutions in Concentrated Solar Thermal Power (CSP) areas.

Oil and Gas

BHEL possesses expertise to design, manufacture and



Electric Locomotive (25 kV AC, Type WAG 7)



SPV Power Plant

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. BHEL now has the capability to manufacture conventional on shore deep drilling rigs up to a depth of 9,000 meters, mobile rigs to a depth of 3,000 meters and well servicing rigs to a well depth of 6,100 meters. The company is in the process of manufacturing environment friendly AC-technology based oil rings for on shore application.

BHEL is supplying onshore drilling rig equipment viz. Draw works, Rotary-table, Traveling block, Swivel, Mast and Sub structure, Mud systems and Rig electrics , Well heads & X-Mas tree valves upto 10,000 psi rating for onshore as well as offshore application to ONGC, Oil India Ltd. and Private Drilling Companies.

Transmission

BHEL has significant presence 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,



400 kV Substation executed by BHEL for PGCIL

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 emerged as the first company in India to indigenously develop and manufacture 333 MVA, 1200 kV transformer. BHEL has also manufactured 1200 kV CVT for transmission test station of PGCIL at Bina and 530 kN disc insulators for 1200 kV UHVAC transmission lines. Notably, BHEL has received the breakthrough order for world's first +/- 800 KV 6,000MW Ultra High Voltage Multi-Terminal DC Transmission Link between North-east and Agra from Power Grid Corporation of India Ltd.

BHEL has developed and commissioned indigenous 36 kV and 145 kV Gas Insulated Substations (GIS). The company is now developing 33 KV double bus design to meet the transmission requirements. The company has emerged as the only indigenous manufacturer of largest rating (5 MVA) Dry Type Transformers.

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

International Business

In international arena, the prevailing environment of heightened uncertainties worsened by political turmoil in the Arab world has adversely affected the business prospects of BHEL's traditional markets. In spite of such situation, BHEL was able to sustain its exports

momentum and expanded its foot print in new markets. The company is poised to maintain its references in the overseas market encompassing almost the entire range of products and services, covering Thermal, Hydro and Gas-based turnkey power projects, Substation projects, Rehabilitation projects, besides a wide variety of products like Transformers, Motors, Compressors, Valves, Electrostatic Precipitators, Photovoltaic equipments, Insulators, Heat Exchangers, Switchgears etc.

The company has been successful in meeting the requirements of international markets in terms of complexity of work as well as technology, quality and other requirements. BHEL has proved its capability to undertake projects on fast-track basis. Continued focus on After-Sales-Services led to orders for Spares & Services from UAE, Bangladesh, Nepal, France, Sri Lanka, Kazakhstan, Iraq, New Zealand, Malta, Thailand, Yemen and Libya. 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 international business which includes exploration of opportunities in solar energy related projects, equipments and projects in Transmission & Distribution arena in overseas markets.

Technology Up-gradation, Research & Development

BHEL's products and systems are technology intensive and R&D/technology development is of strategic importance in its endeavour to become an all-inclusive engineering enterprise. During the year, BHEL has invested ₹ 982 Crore on R&D efforts which is 18 % higher than previous year. A turnover of ₹ 7809 Crore was achieved through products and systems developed in-house, an increase of 23% over the previous year. A total of 91 patents and copyrights were granted during the year enhancing the intellectual capital to 1,438 patents & copyrights.

Significantly, BHEL was ranked as the number one company in terms of filing patents and second highest investor in R&D in India by Economic Times Intelligence Group. The company won the coveted CII-Thompson Reuters Innovation Award-2010 in the 'Hi Tech Corporate' category in recognition of its innovation and entrepreneurship in India.



300 MW Western Mountain Extension Project for GECOL, Libya



Sh. Praful Patel, Hon'ble Union Minister of HI&PE inaugurating the new state-of-the-art Electrical Machines Shop at BHEL, Bhopal

In conformity with engineering and technology objective, the Corporate R&D Division at Hyderabad leads BHEL's research efforts using emerging technologies to offer State-of-the-art total engineering solutions. 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, Surface Engineering, Intelligent Machines and Robotics and Machine Dynamics. As the Seventh in the series, BHEL has established a Centre of Excellence for Compressors & Pumps Dynamics. Initiatives for setting up of a new Centre of excellence for Nano-technology at Hyderabad are underway. 'R&D Advisory Council' has been formed with eminent scientists and dignitaries from Govt. of India to advise BHEL on R&D strategies for growth and to enable it face the new challenges in the market.

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.



180 MVA, 1200 kV Testing Transformer & 80 MVAR, 765 kV Single Phase Shunt Reactor at UHV Lab, Bhopal

Human Resource Development Institute

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 hone their potential.

In a major advancement, an integrated Human Resource Management system was implemented during the year 2010-11, which aims at reaching out to the internal stakeholders on real time basis and redefining the role of HR functions as a strategic partner in business, through process standardization, optimization and seamless enterprise integration.

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

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

Health, Safety and Environment Management

BHEL's commitment towards environment is reflected in all its activities, products and services, providing safe and healthy working environment to all stakeholders. In conformity with its concern for environment, the company has taken up a number of

Environment Improvement Projects(EIPs), which include projects like plantation of 31 lakh trees, 47 Lakh Sq. M of green coverage, and 110 rainwater harvesting plants and energy and resource conservation projects in and around manufacturing units. These projects are aimed at enriching the environment, conservation of precious resources like water, energy, fuel, oil etc.

BHEL has been actively developing and acquiring clean technologies for power generation enabling its customers to minimise the impact of power generation on the environment. Reinforcing its commitment to optimum utilisation of natural resources as well as its concern for the environment, BHEL has developed dynamic classifier system to improve combustion efficiency of boiler and reduction of NOx emission. The company has taken up Clean Development Mechanism (CDM) projects to reduce greenhouse gas emissions in a more focused and vigorous way. 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.

BHEL has supplied 210 Sq.Mtr. space grade solar panels and 28 space quality batteries to ISRO for their space program. In the context of Jawaharlal Nehru National Solar Mission, BHEL shall be executing the orders for Renovation and Operation & Maintenance of SPV plants (aggregate 2.15MWp) at various Islands of Lakshadweep. In conformity with Green energy initiative, an energy efficient largest single cylinder non-reheat steam turbine for 100-140MW application has already been developed to harness waste heat.

The company won the prestigious Golden Peacock Award for Occupational Health & Safety 2010 from the Institute of Directors for significant achievements in

the field of Occupational Health & Safety.

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".

Fostering the tradition of repaying the society at large by actively participating in the welfare of local communities through numerous Corporate Social Responsibility initiatives, BHEL undertakes socio-economic and community development programmes to promote education, improvement of living conditions and hygiene in villages and communities located in the vicinity of its manufacturing plants and project sites spread across the country. Thrust is being given in eight areas- Self employment generation, Environment protection, Community development, Education, Health management & medical aid, Orphanages & Old-age Homes, Infrastructural development and Disaster/ Calamity Management. In addition, BHEL provides financial assistance to various NGOs/Trusts/ Social Welfare Societies that are engaged in social activities throughout the country.

In conformity with CSR Guidelines issued by Department of Public Enterprises BHEL has adopted its CSR Policy from 2010-11. It's constant endeavors were appreciated and recognized at the 'CSR Thought Leadership conclave' organized by Wockhardt Foundation and BHEL was awarded the 'India Shining Star CSR Award' for outstanding work in CSR sphere in the Capital Goods sector. CMD, BHEL was awarded the Distinguished Fellow Award 2010 from the Institute of Directors for outstanding contribution in the field of Corporate Governance and Corporate Social Responsibility



Participation in the UN's Global Compact Programme

As the world's largest global corporate citizenship initiative, the Global Compact Program is the first and the foremost concern which is exhibiting and building the social legitimacy of business and markets. BHEL has continued to play a prominent part in the United Nation's Global Compact Programme on CSR by promoting the core values on human rights, labour standards, environment and anti-corruption and intends to advance these principles forming part of its

strategy & culture within its sphere of influence. BHEL demonstrated its commitment through regular pooling of communication of progress (COP) on the UNGC website. BHEL periodically submits annual Communication of Progress on the relevant principle of global compact in respect of Environment issues.

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.



Bus donated to Arivalayam - School for Special Children run by BHEL, Tiruchirappalli



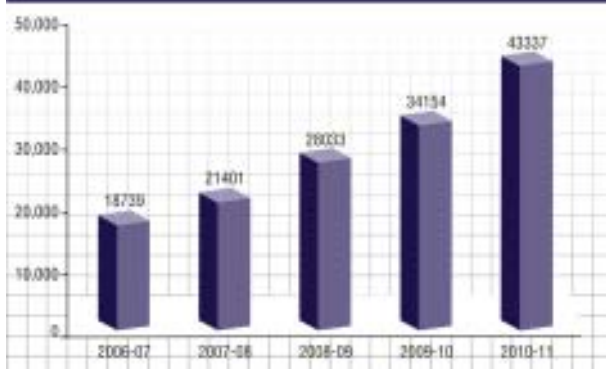
Tree plantation drive at BHEL, Bhopal- a step towards a cleaner environment

YEAR AT A GLANCE

(₹ in Crore)

	2010-11	2009-10	CHANGE (%)
Orders Outstanding	164145	144300	13.75
Orders Received	60507	59037	2.49
Turnover	43337	34154	26.89
Value Added	18476	13171	40.28
Profit Before Tax	9006	6591	36.64
Profit After Tax	6011	4311	39.43
Dividend	1525	1141	33.65
Corporate Dividend Tax	249	191	30.37
Retained Earnings	4237	2979	42.23
Total Assets	57097	46960	21.59
Net Worth	20154	15917	26.62
Total Borrowings	163	128	27.34
Debt : Equity	0.01	0.01	-
Per Share (in ₹) :			
- Net worth	411.71	325.16	26.62
- Earnings	122.80	88.06	39.45
Economic value added	3793	2670	42.06
Employee (Nos.)	46748	46274	1.02

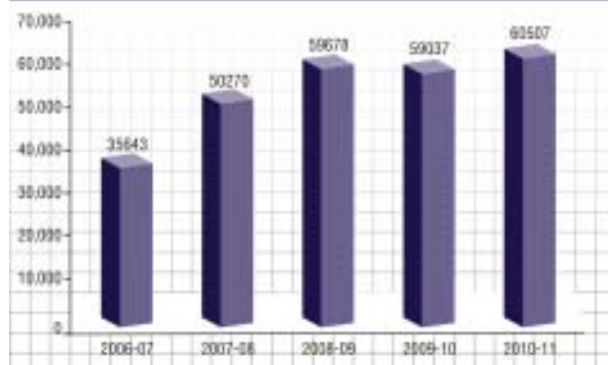
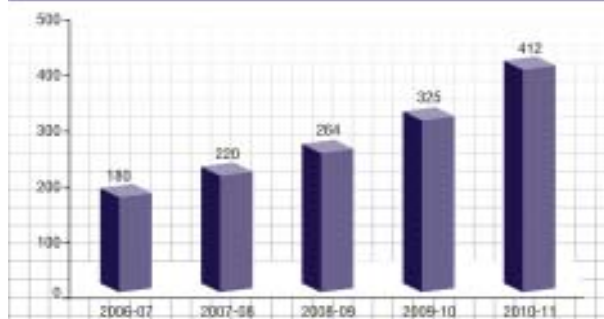
TURNOVER (₹ in crore)



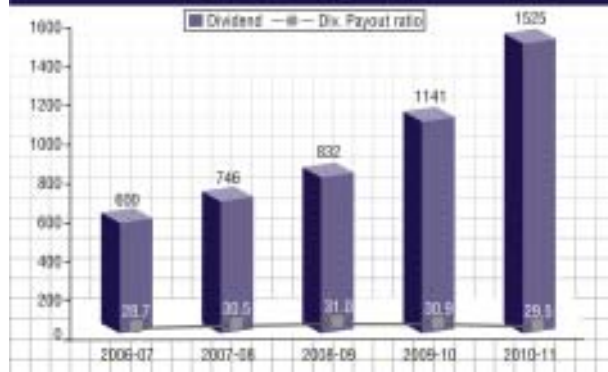
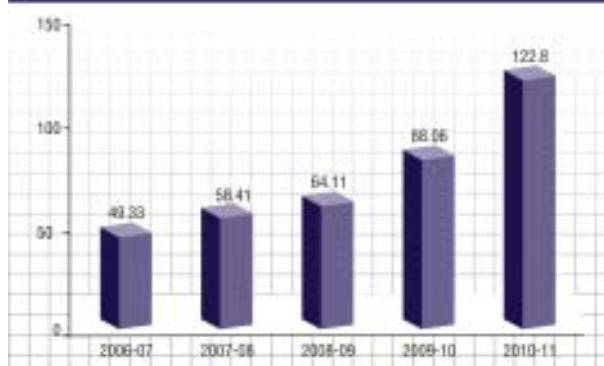
PROFIT BEFORE TAX / PROFIT AFTER TAX (₹ in crore)



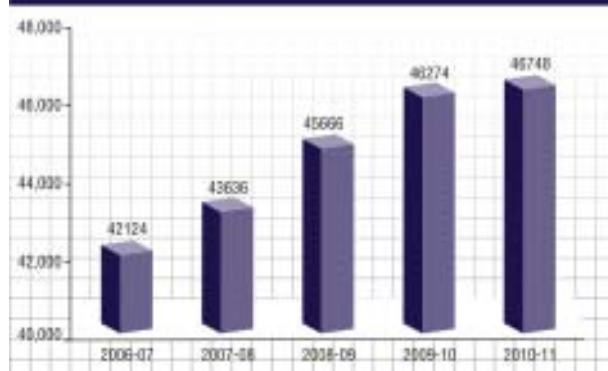
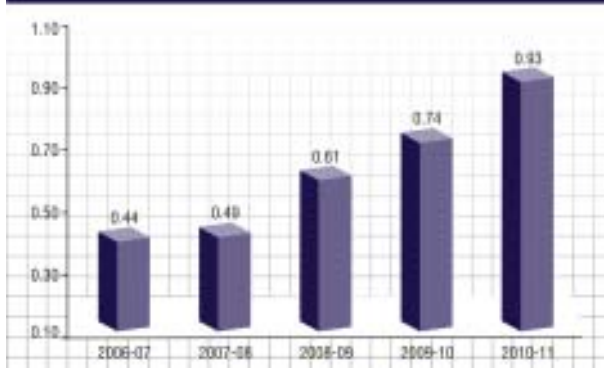
Financial Charts

ORDERS SECURED (₹ in crore)**NET WORTH PER SHARE (in ₹)**

In 2007-08 bonus shares were issued in the ratio of 1:1, figures (charts) of 2006-07 are re-stated based on enhanced share capital for better comparison.

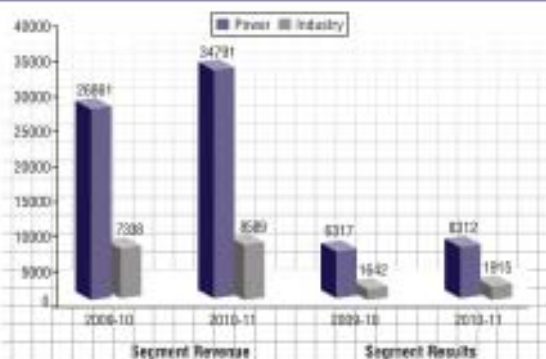
DIVIDEND RATIO**EARNING PER SHARE (in ₹)**

In 2007-08 bonus shares were issued in the ratio of 1:1, figures (charts) of 2006-07 are restated based on enhanced share capital for better comparison.

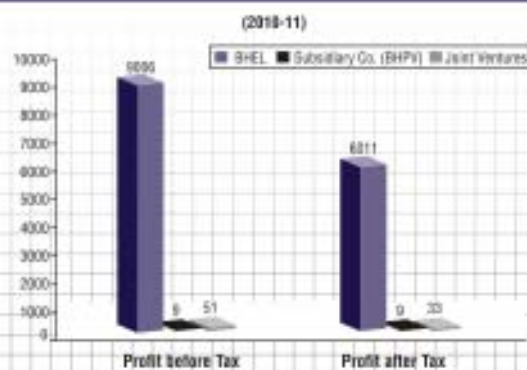
MANPOWER (in Nos.)**TURNOVER PER EMPLOYEE (₹ in crore)**

Financial Charts

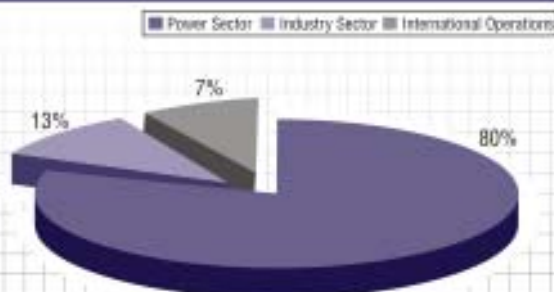
SEGMENT-WISE REVENUE & RESULTS (₹ in Crore)



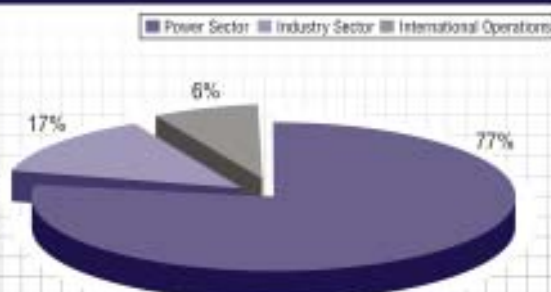
CONSOLIDATED FINANCIAL STATEMENTS - PBT/PAT (₹ in Crore)



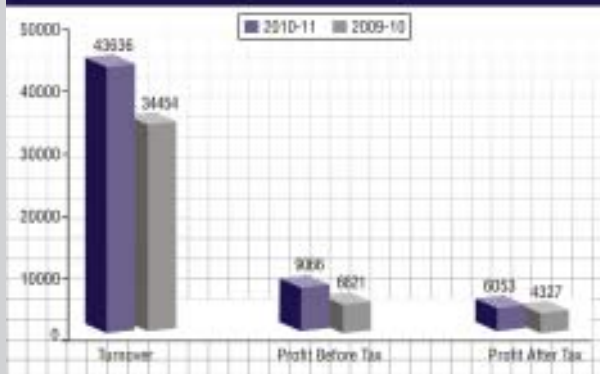
SECTOR-WISE ORDER BOOK OUTSTANDING AS AT MARCH 31, 2011



SECTOR-WISE ORDER BOOK 2010-11



CONSOLIDATED FINANCIAL PERFORMANCE (₹ in Crore)





Awards



CMD, BHEL receiving the SCOPE Award for Excellence and Outstanding Contribution to Public Sector Management from the Hon'ble Prime Minister of India, Dr. Manmohan Singh



CMD, BHEL and Director (Finance) receiving the ICWAI Award from Sh. Veerappa Moily, Former Union Minister for Corporate Affairs



Director (E,R&D), BHEL receiving the CII-Thomson Reuters Innovation Award from Dr. Sam Pitroda, Chairman, National Innovation Council



CMD, BHEL receiving NDTV Business Leadership Award 2010 from Sh. Pranab Mukherjee, Union Minister for Finance

DIRECTORS' REPORT

To the Members,

We are delighted to present our 47th Annual Report on the business and operations of the Company for the year ended March 31, 2011.

FINANCIAL PERFORMANCE

(In ₹ Crore except per share data)	Financial Year	
	2010-11	2009-10
(a) Turnover(Gross)	43337	34154
(b) Profit before depreciation, interest & tax	9605	7083
(c) Less: Depreciation	544	458
(d) Less: Interest & Finance charges	55	34
(e) Profit before tax	9006	6591
(f) Less: Provision for Taxes (including deferred tax)	2995	2280
(g) Profit after Tax	6011	4311
(h) Add:/(less) Statutory appropriation	-	1
(i) Distributable Profit	6011	4312
(j) Add: Balance brought forward from the previous year	575	595
(k) Balance available for appropriation	6586	4907
i) Dividend (including interim dividend)	1525	1141
ii) Corporate Dividend tax (incl. on interim dividend)	249	191
iii) Amount transferred to General Reserve	4000	3000
(l) Balance in P&L account to be carried forward	812	575
(m) Earnings per Share (₹)	122.80	88.06
(n) NAV per share (₹)	411.71	325.16
(o) Economic Value Added (₹ Crore)	3793	2670

FINANCIAL HIGHLIGHTS

During the year, the company witnessed growth in Turnover by 26.89% to ₹ 43337 Crore from ₹ 34154 Crore in the previous year. The Turnover (net of excise duty) increased by 26.49% from ₹ 32861 Crore in 2009-10 to ₹ 41566 Crore in 2010-11. Profit before Tax for the year 2010-11 is placed at ₹ 9006 Crore as against

₹ 6591 Crore during 2009-10, a growth of 36.64% as compared to previous year. Profit after Tax is placed at ₹ 6011 Crore as against ₹ 4311 Crore during 2009-10, a growth of 39.43% over previous year.

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

Net worth of the company has gone up from ₹ 15917 Crore to ₹ 20154 Crore registering an increase of 26.62%. Net asset value (NAV) per share has increased from ₹ 325.16 in 2009-10 to ₹ 411.71 in 2010-11.

DIVIDEND

The Board has recommended a Final Dividend of 179% (₹ 17.90 per share), ₹ 876.24 Crore, for the year 2010-11. An interim dividend of 132.50% (₹ 13.25 per share), ₹ 648.61 Crore, on share capital of ₹ 489.52 Crore, has already been paid for the year 2010-11. Thus the total dividend payment for the year 2010-11 is ₹ 1524.85 Crore (exclusive of dividend tax) as against ₹1140.58 Crore paid in the previous year.

Provision of ₹ 142.15 Crore has been made for Corporate Dividend Tax on the Final dividend proposed. Corporate Dividend Tax of ₹ 107.73 Crore has already been paid on the interim dividend.

ORDERS RECEIVED

Orders worth ₹ 60507 Crore were received during the year as against ₹ 59037 Crore in 2009-10. Sector-wise orders booked are as follows:

(₹ in Crore)	2010-11	2009-10
Power Sector*	46393	41982
Industry Sector*	10375	13484
International Operations	3739	3571
Total Orders Booked	60507	59037
Order Book outstanding at the end of the year	164145	144300

* Excludes inter Sectoral Orders

RATING OF BHEL VIS-À-VIS MOU TARGETS

Performance of BHEL for the year 2009-10 has been rated as 'Excellent' in terms of MoU signed with the Government of India. BHEL has been awarded the MoU Composite score of '1.17'.

The MoU rating for 2010-11 is under finalisation by the Government of India. However, company's own assessment places performance of the company in 'Excellent' category for FY 2010-11.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BOARD OF DIRECTORS

Appointment

Shri Trimbakdas S. Zanwar has been appointed as Part-time Non-official Director w.e.f. 12.11.2010.

Shri S. Ravi has been re-appointed as Part-time Non-official Director w.e.f. 10.03.2011.

Shri Ambuj Sharma, IAS, Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises has been appointed as Part-time Official Director w.e.f. 15.03.2011.

Shri M.K. Dube has been appointed as an Additional Director w.e.f. 25.06.2011 to take charge of the office of Director (IS&P).

Shri P.K. Bajpai has been appointed as an Additional Director w.e.f. 01.07.2011 to take charge of the office of Director (Finance).

In accordance with Section 260 of the Companies Act, 1956 and Article 67(iv) of the Articles of Association of the Company, S/Shri Trimbakdas S. Zanwar, S. Ravi, Ambuj Sharma, M.K.Dube and P.K. Bajpai shall hold their directorships upto the 47th Annual General Meeting of the Company and are eligible for appointment as Directors at the Meeting.

Cessation

Shri S. Ravi who was appointed as Part-time Non-official Director w.e.f. 29.11.2007 ceased to be a Director of the Company on completion of his tenure on 28.11.2010.

Shri Rajiv Bansal, IAS, Joint Secretary, Department of

Heavy Industry, Ministry of Heavy Industries & Public Enterprises ceased to be a Part-time Official Director w.e.f. 15.03.2011.

The Board of Directors place on record their deep appreciation of the valuable services rendered as well as advice and guidance provided by Shri S. Ravi and Shri Rajiv Bansal during their tenure.

Further pursuant to Sections 255 and 256 of the Companies Act, 1956 and Article 67(i) of the Articles of Association of the Company, Smt. Reva Nayyar, Shri Anil Sachdev and Shri Atul Saraya will retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-appointment.

In compliance with Clause 49(IV)(G)(i) of the Listing Agreement, brief resumes of the Directors proposed for appointment and re-appointment along with the nature of their expertise in specific functional areas and names of companies in which the person also holds the directorship along with the membership of the Committees of the Board are given at **Annexure - II** forming part of the Directors' Report.

OFFICIAL LANGUAGE IMPLEMENTATION

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

1. In order to facilitate the employees to work in Hindi and also to give necessary input to work in Hindi, Hindi workshops and Hindi computer training programmes in prescribed numbers were organised in all the Units/Divisions including Corporate Office.



Director (HR) felicitating renowned Hindi writer Sh. Leeladhar Mandloi on Rajbhasha Diwas

2. With a view to create favourable atmosphere for usage of Hindi in the Company, all the Units/ Divisions of the company, including Corporate Office, celebrated Hindi Divas on 14/9/2010 and organised various Hindi competitions during the celebration of Hindi Week in the month of September, 2010.
3. All national level functions e.g Republic Day, Independence Day, International Women's Day etc. were conducted in Hindi in Corporate Office and major Units of the Company.
4. All the major Units and some of the Divisions of the Company published 11 annual Hindi magazines namely, BHEL Chandan by EDN, BHEL Darpan by EPD, BHEL Kiran by Tiruchi, Surya Kiran by ISG, BHEL Yashasvi by RC Puram, Hyderabad, BHEL Bharati (Half yearly) by Bhopal, BHEL Ganga by Haridwar, Srijan by Jhansi, Shakti Punj by Power Sector (Hq), New Delhi, Abhivyakti by Power Sector-NR, Noida, Poorvabha by Power Sector-ER, Kolkata during the year. Corporate Office also brought out 04 issues of its quarterly Hindi Magazine "Arunima" during the year.
5. To recognise the best performers and enhance competitive spirit for implementation of Official Language Policy among our Units/Divisions, six Units namely Power Sector-NR, Jhansi, Bhopal, EDN, ISG & EPD were awarded Rajbhasha Shield by the Company for excellent implementation of Official Language Policy in their Units.
6. Many awards were received by the employees of major Units in various Hindi Competitions organised under the auspices of Town Official Language Implementation Committee.
7. Committee of Parliament on Official Language inspected our Power Sector (Hq), New Delhi, Power Sector-ER, ROD-Mumbai and Power Sector-NR during the year and appreciated the efforts being made in implementing Official Language Policy of the Govt. of India, while taking a few assurances from us to enhance the use of Hindi in official work.
8. BHEL Units/Divisions were inspected by Corporate Rajbhasha Implementation Group for facilitating them to make progressive use of Hindi as per the Govt. policy.

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, and environment and anti corruption.

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

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

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

VIGILANCE

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

Preventive vigilance has been the thrust areas of BHEL Vigilance throughout the years and the same received focused attention during 2010-11. In line with the directions of the CVC for improving Vigilance Administration, efforts were put in to shift priority from preventive vigilance to proactive and predictive Vigilance Management.

Lack of knowledge or misinterpretation of the Company's policies, rules and procedures may lead to lapses/irregularities. Awareness amongst employees of the organization is generated by organizing training programmes. 67 such programmes were organized during the year 2010-11 in various Units, Regions and offices of BHEL. Interactive sessions were held with line executives representing different functional areas, in order to create vigilance awareness and to enhance their knowledge of the Company's rules, procedures and policies.

With a view to make systems more effective and

transparent, Vigilance had carried out system studies during the year 2010-11. Many suggestions towards system improvement have been rendered. Some of the major areas where suggestions for improvement were given are:

- Amendments to Vendor Registration Procedures
- Purchase Policy
- Reverse Auction Guidelines
- Criteria for financial loading of offers, on account of acceptable deviations from tendered scope / specifications.

As per CVC directions, the Company has taken many initiatives to make available all relevant information on the web on real time basis. Towards this end, periodic checks are undertaken to ensure that:

- Status of Purchase Orders, Works Contracts concluded every month is being uploaded by all Units as per the CVC format.
- Procedure and forms related to Vendor registration are hosted on the web site.
- Status of vendor registration is hosted on the web and can be viewed by vendors.
- E-payment of vendor bills are being implemented throughout the organization and principle of first come first served is being followed as a rule in payment of vendor bills.
- Status of bill payment can be viewed by the vendors on-line.
- Indents being raised on-line.
- Information relating to Rules/Procedures governing the registration of vendors, clearance of bills etc. is available on the BHEL/Units websites.

SECURITY

The Company's Security mechanism is at present sufficient and it is geared up to provide security to each Plant/Unit. Whereas, the security of the most of the Plants of the Company which are categorized in 'A' category is being managed by the CISF, in some plants, the Company has its own Security. In other Plants, Corporate Office and Regional Offices, the security is being looked after by the private agencies like M/s. EATS sponsored by Directorate General Resettlement, Govt. of India or Ex-Servicemen Corporation.

Adequate measures have been taken for Security of computers. Department of Electronics, Govt. of India (SRAC) have also carried out inspection of our software

security mechanism and their suggestion have been implemented. Security audit of major plants is being done by the Intelligence Bureau periodically and the additional requirements, wherever pointed out by them, are immediately complied with by the concerned Units. Review of Security is done internally also from time to time and necessary corrective measures are being taken as per the requirements. The Management, Security staff and employees of the Company are sensitized to the Security needs of Company.

SUSTAINABILITY

Sustainability is an integral part of the company's strategy. BHEL is committed to be an Environment friendly company in all its areas of activities, products and services, providing safe and healthy working environment.

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

BHEL's scheme on Corporate Social Responsibility has evolved over the years and has been endorsed by the top management as a policy statement, on the underlying principle that BHEL is a Committed Corporate Citizen and its Corporate Social Responsibility is not only to build synergy between business and Corporate Social Responsibility but is an integral part of business strategy.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts for the financial year ended 31st March, 2011 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 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 2010-11 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, 2011 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 – III:**

- (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-IV.**

None of the employees have drawn remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 during the year 2010-11.

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

AUDITORS

The Auditors of your Company are appointed by the Comptroller and Auditor General of India. The names of auditors appointed for the year 2010-11 are printed separately in the Annual Report.

The detail of cost auditors appointed for the year 2010-11 and Cost Audit details are printed separately in the Annual Report.

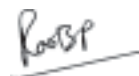
The replies to the points referred to in the Auditors' Report and to the Comments of the Comptroller and Auditor General of India are given at **Annexure – VI.**

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 management of the company and look forward to the continuance of this mutually supportive relationship in future.

The Board also gratefully acknowledges the support and guidance received from various Ministries of the Government of India, particularly the Department of Heavy Industry, in Company's operations and developmental plans. The Directors express their grateful thanks also to the Comptroller and Auditor General of India, Chairman and Members of Audit Board, Statutory Auditors, Branch Auditors and Cost Auditors. The Company also wishes to place on record its appreciation of the continued co-operation received from all the Technology Collaborators and Suppliers and support provided by the Financial Institutions and bankers. Last but not the least the Board wishes to place on record its deep gratitude to all BHELites whose enthusiasm, commitment and sense of ownership has made this great company proud.

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



B. Prasada Rao

Chairman & Managing Director

Place : New Delhi

Dated : July 26, 2011

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 ₹ Crore)	
	F.Y. 2010-11	F.Y. 2009-10
Authorised Share capital	2000	2000
Issued, subscribed & Paid up Share Capital	490	490

There is no change in the share capital during the year 2010-11.

2. Reserves & Surplus

	(Figures in ₹ Crore)	
	F.Y. 2010-11	F.Y. 2009-10
Capital Reserve	3	3
General Reserve	18850	14850
Profit & Loss Account	812	575
	19665	15428

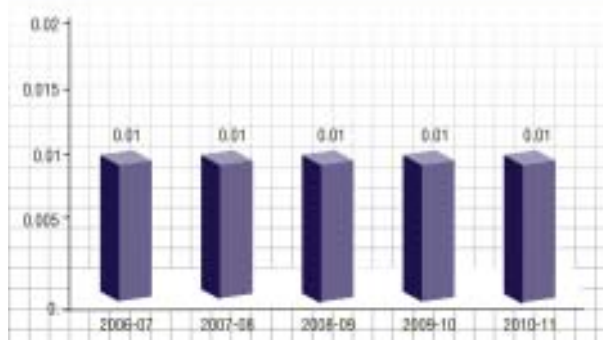
The Reserve & Surplus has increased by ₹ 4237 Crore during 2010-11 after addition of Retained earnings.

3. Loans Funds

	(Figures in ₹ Crore)	
	F.Y. 2010-11	F.Y. 2009-10
Secured Loans	-	-
Unsecured Loans	163	128

Unsecured Loan represents credit for assets taken on Finance Lease.

DEBT EQUITY RATIO



4. Fixed Assets

	(Figures in ₹ Crore)	
	F.Y. 2010-11	F.Y. 2009-10
Gross Block	8050	6580
Less: Depreciation/ amortisation	4649	4151
Less: Lease Adjustment Account	-	14
Net Block	3401	2415
Capital Work-in-Progress	1762	1550

Gross Block and Capital Work in progress increased by ₹ 1470 Crore, and ₹ 212 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 the project sites.

5. Investments

	(Figures in ₹ Crore)	
	F.Y. 2010-11	F.Y. 2009-10
Long Term Trade Investments	439	80

Long term trade investments have increased by ₹ 359 Crore mainly on account of Equity participation in Joint Venture Companies and Subsidiary Company.

6. Deferred Tax Assets (Net)

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Deferred Tax Assets (Net)	2164	1527

Deferred Tax Assets (Net) have increased by ₹ 637 Crore mainly due to increase in provisions.

7. Inventories

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Inventories	10963	9235

Inventory increased by ₹ 1728 Crore over previous year in tune with the increase in volume of operations but in terms of days of turnover, it has decreased from 99 days in 2009-10 to 93 days in 2010-11.

8. Sundry Debtors (Net)

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Sundry Debtors (Net)	27355	20689

In terms of days of turnover debtors increased from 221 days in 2009-10 to 230 days in 2010-11 which is mainly on account of increase in deferred debts.

9. Cash and Bank Balances

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Cash & Bank Balances	9630	9790

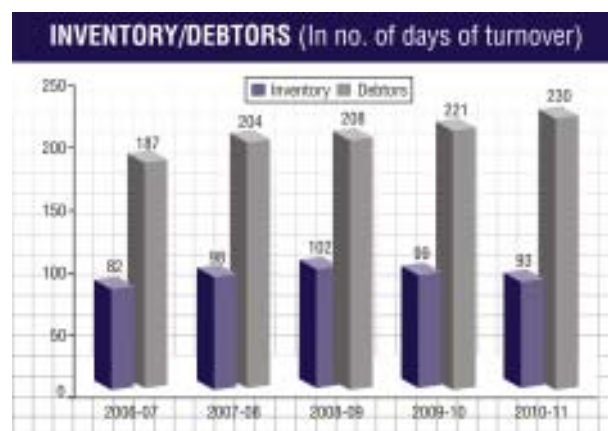
The cash and cash equivalents at the year end are placed at ₹ 9630 Crore as against ₹ 9790 Crore in 2009-10.

10. Loans and advances & other Current Assets

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Loans & advances	3237	2793
Other Current assets	310	407

Loans & advances have increased by ₹ 444 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 ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Current Liabilities	31347	28024
Provisions	7597	4418

The increase in current liabilities is mainly due to increase in advances from customers by ₹ 1200 Crore and sundry creditors & other liabilities by ₹ 2123 Crore. The increase in provision is mainly on account of increase in provision for Contractual Obligation in line with revised policy on warranty provisions.

Profit & Loss Account

12. Turnover

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Gross Turnover	43337	34154
Less: Excise duty & Service Tax	1771	1292
Net Turnover	41566	32862

Turnover net of Excise Duty increased by 26.49% during the year, Power segment and Industry segment contributed 79% and 21% respectively for the total revenue of the company.

13. Other Income

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Other operational Income	680	493
Other Income	394	347
Interest Income	627	808
	1701	1648

Other income increased by ₹ 53 Crore during the year. The increase in operational income is in tune with increase in the volume of operations and the reduction in interest income is due to reduced interest rates and decrease in short term investments.

14. Consumption of Material, Erection & Engineering Expenses

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Consumption of Material, Erection & Engineering Expenses	23209	20672

The increase in Consumption of Material, Erection & Engineering Expense by ₹ 2537 Crore or 12.27% is mainly on account of increase in Turnover / volume of operation, which has increased by 26.89%. As percentage of net turnover it decreased from 62.91% in 2009-10 to 55.84% in 2010-11 (59.83% without considering the impact of additional turnover on a/c of policy change) (refer note no. 13 of sch-19).

15. Employees Remuneration & Benefits

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Employees Remuneration & Benefits	5397	6993
Less : Provision for wage revision withdrawn	-	1749
Net Employees Remuneration & Benefits	5397	5244

Employees remuneration & benefits increased from ₹ 5244 Crore in 2009-10 to ₹ 5397 Crore in 2010-11. Employees Remuneration & benefits include provision for pension scheme.

16. Other Expenses of Manufacturing, Administration, Selling & Distribution

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Other expenses of Manufacturing, Administration, Selling & Distribution	2536	2065

The increase in other Expenses of manufacturing, Administration, Selling & Distribution is ₹ 471 Crore or 22.81% as compared to 2009-10 in line with the increased level of operations of the company.

17. Provisions (Net)

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Provisions (Net)	2715	(-) 934
Less : Provision for wage revision withdrawn	-	1749
	2715	815

The Increase in Provisions (Net) is mainly on account of increase in provision for Contractual Obligations in line with revised policy on warranty provisions.

18. Interest and other borrowing costs

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Interest and other borrowing costs	55	34

The interest cost represents the interest component of the lease rentals on assets taken on Finance lease and interest on short term borrowings during the year.

19. Depreciation

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Depreciation	544	458

The increase in depreciation by ₹ 86 Crore is on account of increase in gross block on commissioning of assets.

20. Provision for Taxation

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Income Tax-Current Year	3712	2006
- Earlier Years	(-) 81	(-) 34
Deferred tax	(-) 636	313
Fringe Benefit Tax - Earlier Years	-	(-) 5
	2995	2280

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

21. Profit after Tax

(Figures in ₹ Crore)

	F.Y. 2010-11	F.Y. 2009-10
Profit after Tax	6011	4311

The Net profit for the year rose by ₹ 1700 Crore or 39.43%.

22. Dividend

The company has paid an interim dividend of 132.50% (₹ 13.25 per share), ₹ 648.61 Crore, on share capital of ₹ 489.52 Crore during the year 2010-11. The Board has also recommended a Final dividend of 179% (₹ 17.90 per share) i.e. ₹ 876.24 Crore.

The total dividend payment for the year 2010-11 is ₹ 1524.85 Crore (exclusive of dividend tax) as against ₹ 1140.58 Crore in the previous year.

Provision of ₹ 142.15 Crore has been made for Corporate dividend tax on the Final dividend proposed. Corporate dividend tax of ₹ 107.73 Crore has already been paid on the interim dividend.

23. Transfer to General Reserve

₹ 4000 Crore has been transferred to General Reserve for the year 2010-11 as against ₹ 3000 Crore in the previous year.

(ii) Financial Review of Subsidiary Companies

a) Bharat Heavy Plate and Vessels Ltd. (BHPV)

Bharat Heavy Plate and Vessels Ltd. (BHPV) is 100% subsidiary co. of BHEL taken over on 10.05.2008. BHEL is in the process of reviving the Company with adequate managerial and financial support. In 2010-11 BHPV recorded a profit of ₹ 8.78 Crore on a turnover of ₹ 136.98 Crore.

The financial highlights of BHPV are as under:

(Figures in ₹ Crore)

Particulars	F.Y. 2010-11	F.Y. 2009-10
BHEL's Investment in Equity	at ₹1/-	at ₹1/-
Advance against issue of shares	34.00	34.00
Turnover	136.98	104.31
Profit after Tax	8.78	(-) 8.60

b) BHEL Electrical Machines Ltd.

A subsidiary Company has been incorporated on 19th January 2011 as "BHEL Electrical Machines Ltd.", with BHEL holding the majority stake of 51% and Govt. of Kerala retaining 49%. BHEL Electrical Machines Ltd. shall manufacture alternators and other rotating electrical machines.

(iii) Financial Review of Joint Ventures 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 ₹ Crore)

Particulars	F.Y. 2010-11	F.Y. 2009-10
BHEL's Investment in Equity	2.38	2.38
Turnover	418.52	434.54
Profit after Tax	57.36	50.42
Net Worth	91.34	70.58

There is a decrease in the turnover since previous year sales include ₹ 23 Crore for RGPPL whereas there was no sales on this account in the current year.

b) NTPC-BHEL Power Projects Pvt. Ltd. (NBPPL)

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

(Figures in ₹ Crore)

Particulars	F.Y. 2010-11	F.Y. 2009-10
BHEL's Investment in Equity	25.00	25.00
Turnover	106.49	2.30
Profit after Tax	9.26	(-) 0.76

c) Udangudi Power Corporation Ltd.

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

(Figures in ₹ Crore)

Particulars	F.Y.	F.Y.
	2010-11*	2009-10
BHEL's Investment in Equity	32.50	5.00
Net Block	29.14	0.37
Capital Work in Progress	32.51	4.55

*Based on provisional figures

d) Raichur Power Corporation Ltd.

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

(Figures in ₹ Crore)

Particulars	F.Y.	F.Y.
	2010-11*	2009-10
BHEL's Investment in Equity	331.52	5.00
Net Block	0.04	0.02
Capital Work in Progress	843.13	-

*Based on provisional figures

e) Dada Dhuniwale Khandwa Power Limited

BHEL has promoted a Joint Venture Company with Madhya Pradesh Power Generating Company Ltd. (MPPGCL) for setting up of a 2x800MW Supercritical Thermal Power Plant at Khandwa, Madhya Pradesh on build, own and operate basis. The Joint Venture was incorporated on February 25, 2010 under the name of "Dada Dhuniwale Khandwa Power Ltd". BHEL has invested Rs.2.50 Crore in the equity of the Joint Venture.

(Figures in ₹ Crore)

Particulars	F.Y.	F.Y.
	2010-11*	2009-10
BHEL's Investment in Equity	2.50	2.50
Net Block	0.02	-

*Based on provisional figures

f) Barak Power Pvt. Ltd.

A Joint Venture between BHEL & PTC, incorporated on 1st Sept, 2008. BHEL has Contributed ₹.5 Lac towards Equity participation. The Joint Venture is under liquidation.

g) Power Plant Performance Improvement Ltd.

A Joint Venture between BHEL and Siemens and is under liquidation.

(iv) Consolidated Financial Statements (CFS)

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

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

(Figures in ₹ Crore)

	2010-11	2009-10	%age increase over 2009-10
Profit & Loss A/c			
Turnover	43636	34454	26.65
Profit Before Tax	9066	6621	36.93
Profit After Tax	6053	4327	39.89
Balance Sheet			
Sources of Funds			
Shareholders fund	20155	15896	26.79
Loan Funds	270	148	82.43
Total	20425	16044	27.31
Application of Funds			
Net Block (incl. CWIP)	5813	4161	39.70
Investments	11	6	83.33
Deferred Tax Assets	2165	1529	41.60
Net current Assets	12432	10346	20.16
Others	4	2	
Total	20425	16044	27.31

Power Sector



2x600 MW North Chennai TPS by BHEL on EPS basis, equipped with country's first large capacity new series Turbo-Generators

B. PERFORMANCE OF BUSINESS SEGMENTS

POWER SECTOR

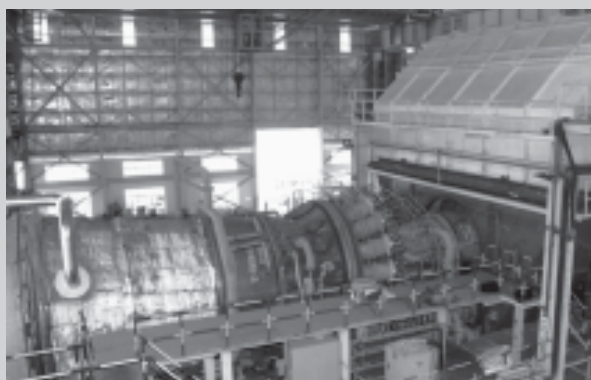
Order Book

During the year 2010-11, Power Sector - Marketing has secured orders worth ₹ 44,341 Crore corresponding to 15,071 MW in physical terms.

Major achievements during the year:

Record orders for main plant equipment with supercritical parameters of 660/700/800 MW rating from public as well as private sector utilities.

- Record orders (9 Nos. Turbine Generators sets and 7 Nos. Steam Generator sets) for Units of 660/ 700/ 800 MW rating with Super-critical parameters, which include:
- First order for new 700 MW rating against stiff competition for Bellary-3 (1x700 MW) from KPCL.
- First order from a JV of BHEL with a State Utility - Raichur Power Co. Ltd. - for super-critical sets for 2x800 MW Yeramarus TPS, followed by 1x800 MW Edlapur TPS.
- Order against bulk tender for 2x660 MW Mauda Turbine Generators Package from NTPC.
- Repeat orders for 10 sets of 270 MW from India Bulls Group (5x270 MW Nasik Ph.II & 5x270 MW Amravati Ph.II).
- Order for Sagardighi TPEP Stage-II (2x500 MW) from WBPDC who had earlier sourced Stage-I (2x300 MW) of the project (already commissioned) from Chinese supplier.



India's first indigenously built 9FA (250 MW ISO) Gas Turbine set manufactured by BHEL

- New Customers added:
 - Visa Power Ltd.
 - Dainik Bhaskar Power Ltd. (DBPL)
 - Bajaj Hindusthan Ltd.
 - Raichur Power Corporation Ltd. (RPCL)

Significant orders received in the Power sector include:

Super-critical Thermal Sets (6,400 MW):

● Orders received against stiff International Competitive Bidding (ICB)

- 1x700 MW Bellary TPS from KPCL.
- 3x660 MW Lalitpur TPS from Bajaj Hindusthan Ltd.
- 2x660 MW Mauda TG Package from NTPC against Bulk tender.
- ESP package orders for Nigrie STPP (2x660 MW) from Jaiprakash Power Ventures Ltd. and for Bara STPP (3x660 MW) from Prayagraj Power Generation Company Ltd. (Jaypee Group).

● Orders received on Negotiation basis

- 2x800 MW Yeramarus TPS Supercritical Power Project from Raichur Power Company Ltd. – A JVC of BHEL and KPCL (State Utility of Karnataka).
- 1x800 MW Edlapur TPS Supercritical Power



Contract signing between DBPL & BHEL for 2x600 MW DBPL TPS

Project from Raichur Power Company Ltd. – A JVC of BHEL and KPCL (State Utility of Karnataka).

Sub-critical Thermal Sets (7,800 MW):

- **Orders received against stiff International Competitive Bidding (ICB)**
 - 5 sets of 270 MW Amravati Ph.II from Indiabulls group – Order of 5 sets of 270 MW for Ph. I was received last year.
 - 5 sets of 600 MW from Dainik Bhaskar Power Ltd., Visa Power Ltd. and Korba West Power Co. Ltd.
 - 2 sets of 500 MW for Sagardighi TPEP Stg-II from West Bengal Power Development Corp. Ltd.
- **Orders received on Negotiation basis**
 - 5 sets of 270 MW Nasik Ph.II from Indiabulls group – Order of 5 sets of 270 MW for Ph. I was received last year.
 - 1 set of 600 MW for Rayalseema #6 from APGENCO.
 - 2 sets of 250 MW for Barauni TPS from Bihar State Electricity Board.

Gas Turbines (871 MW):

- **Orders received on Negotiation basis**
 - 750 MW Bamnauli CCPP (750 MW) from Pragati Power Corporation Ltd.
 - GTG orders for Monarchak (100 MW) from North Eastern Electric Power Corporation (NEEPCO)

and Rokhia (21 MW) from Tripura State Electricity Corporation Ltd.

Nuclear Business:

- **Orders received on Negotiation basis**
 - 2x700 MWe TG package from NPCIL for KAPP 3&4 – First 700 MWe TG order for Nuclear Power Plant.

SPARES & SERVICES BUSINESS GROUP (SSBG)

SSBG has booked orders worth ₹ 1651 Crore for Spares, ₹ 471 Crore for Services and ₹ 25 Crore for Supply and E&C of R&M equipment totaling to ₹ 2147 Crore for 2010-11. SSBG secured orders worth ₹ 131 Crore for New Systems & Products in 2010-11. This includes ₹ 4.96 Crore for complete Overhauling of 1000 MWe LMZ make Nuclear Steam Turbine from NPCIL/Kudankulam and ₹ 30.52 Crore received for supply of spares & related services for Non-BHEL (Mitsubishi make) Boilers (2x500 MW) of UPRVUNL/ Anpara TPS Units 4&5. SSBG added 13 nos. new customers in 2010-11 and secured orders worth ₹ 22.40 Crore SSBG received appreciations from 14 customers for services rendered to them by BHEL/ SSBG.

COMMISSIONING:

BHEL commissioned 52 sets of 7666.5 MW during the year within the country and abroad. Power Sector commissioned 39 sets totaling 7073.5 MW during the year. This include 27 BHEL Utility sets totaling



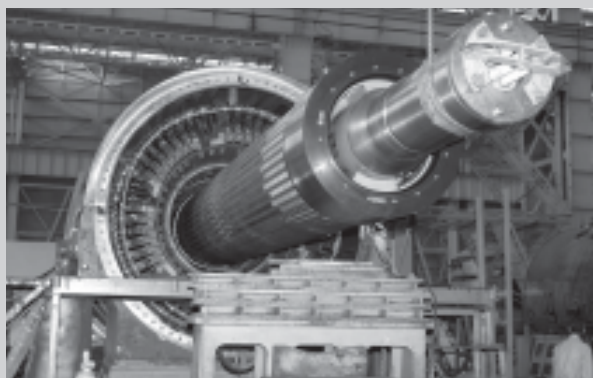
Koteshwar Unit during flood



Koteshwar Unit after Capacity addition



India's first thermal set of 525 MW unit rating commissioned at 2x525 MW Maithon TPS, Jharkhand



Country's first large capacity new series 600 MW Turbo-Generator set under assembly at BHEL plant



2x250 MW Korba East TPS with PLF of 96.4 %

6333 MW, 9 Industrial sets of 452.5 MW and 3 Overseas sets of 288 MW. Additionally BHEL MU's commissioned 3 sets of 59 MW (overseas) and 10 industrial sets of 534 MW in the country.

In addition to these projects, BHEL synchronised 4 sets of 1775 MW for further addition in country's Power Generating Capacity.

Thermal utility sets commissioned during the year were Kakatiya 1 (500 MW), Rayalseema 5 (210 MW) & Simhadri 3 (500 MW) in A. Pradesh, Korba STPP 7 (500 MW) in Chhattisgarh, Pragati GT1,2 (2X250 MW) in Delhi, Surat Lignite 3,4 (2X125 MW) in Gujarat, Jhajjar 1 (500 MW) in Haryana, Allain Duhangan HEP 1,2 (2X96 MW) in Himachal, Sewa HEP 1,2,3 (3X40 MW) in J&K, Raichur - 8 (250 MW) in Karnataka, Kuttiyadi HEP 1,2 (2X50 MW) in Kerala, Barsingsar 1,2 (2X125 MW) & Chhabra 2 (250 MW) in Rajasthan, Baramura GT (21 MW) in Tripura, Dadri 6 (490 MW) in U. Pradesh, Koteshwar HEP 1,2 (2X100 MW) in Uttarakhand, Farakka 6 (500 MW), Mejia 7,8 (500 MW) in W. Bengal.

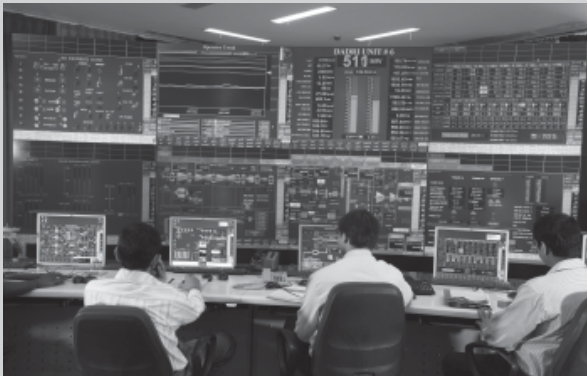
Overseas sets commissioned by BHEL during the year include Devighat 3 (5 MW), Hico 1,2 (2X26 MW), Pamir (7 MW), Siddhirgunj 2 (126 MW) and WM Extension 6 (157 MW).

PERFORMANCE OF BHEL UTILITY SETS

BHEL's coal based sets registered PLF of 75.7 % against National Average of 75.1%.

- 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 401709 MUs with PLF of 78.9 % and OA of 88.8%. 60% of total electric energy generated by Coal sets in the country was contributed by these sets.
- Seventeen stations equipped with BHEL equipments recorded a PLF of above 90% viz. Dahanu (100.5), Rihand (97.8), Raigarh (97.7), Singrauli (96.6), Sipat (96.5), Korba East (96.4), Simhadari (96.1), Vindhyachal (95.0), Unchahar (93.3), Korba-NTPC (93.1), Tanda (92.8), CESC (92.0), Bhilai (91.4), Korba West (91.0), Kota (90.8), Ramagundam (90.7), Sabarmati (90.4).
- 178 BHEL supplied coal based sets achieved PLF of over 70%. Of these, 61 sets registered PLF of over 90% and 73 sets achieved PLF between 80-90%.
- BHEL Coal Sets registered the Operating Availability (O.A.) of 86.1%
- 139 Thermal Sets of BHEL make achieved O.A. higher than or equal to 90%.
- 171 BHEL supplied coal based sets clocked uninterrupted operation for more than 90 days during the year out of which:
 - 65 sets ran twice continuously for more than 90 days.
 - 28 sets continuously ran for more than 200 days.

BHEL continued its endeavor to render efficient customer service aimed at facilitating uninterrupted power supply and keeping power plants in good

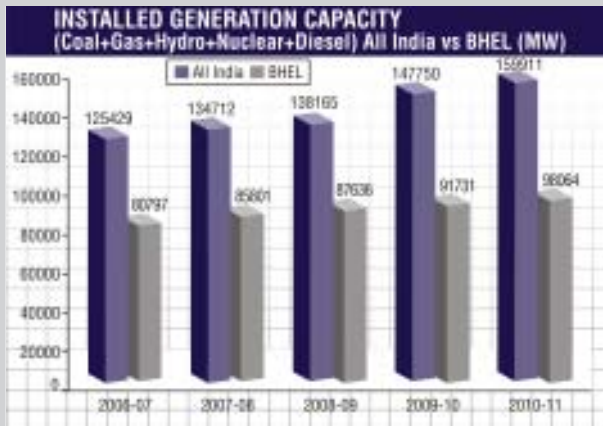


Control room of National Capital TPP (stage-II) equipped with 2x490 MW more efficient power generating sets

running condition. During the year, Power Sector overhauled 120 sets (including non-BHEL sets).

BHEL team made an impossible task possible when flood ravaged Koteshwar HEP of THDC was rehabilitated in a record time of five months and capacity addition of two units (200 MW) was achieved. CMD, THDC expressed gratitude and congratulated BHEL.

Commendations/appreciations received from reputed customers like NTPC, MSPGCL, Reliance Infrastructure Ltd., APGENCO, and WBPDCCL etc. for excellent support/services provided by BHEL.



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



Industry Sector



Hindustan Zinc Ltd. equipped with BHEL-built Captive Power Plant

INDUSTRY SECTOR

In Industry Sector, BHEL secured orders worth ₹ 11405 Crore in Captive Power, Rail Transportation, Power Transmission, Oil & Gas, Renewable Energies and other Industrial Segments.

Major orders received during the year and other business highlights from Industry segment include:

Captive Power plants

- Breakthrough order from M/s India Power Corp. Ltd. Haldia, West Bengal for 3x150 MW Boiler, Turbine and Generator package with single cylinder reheat machines.
- Significant order for double controlled extraction STG set from Tamil Nadu Newsprint & Paper Ltd. for 1x41 MW STG set.
- Orders for cost effective 67.5 MW rating units from M/s Shree Metalics and from Bhubaneswar power.
- Order for 80 MW STG set with ACC configuration from M/s Suryadev Alloys.
- Received 4 orders in a row for captive power equipment from Maruti Suzuki India Limited in a year.

Rail Transportation

- Orders for State-of-the-art propulsion equipment for 6000 HP Electric Locomotives and 1400 HP AC EMUs from Indian Railways amidst stiff competition from leading international suppliers. Indian Railways have reposed their confidence in BHEL's capabilities and technological excellence.
- Orders for 198 sets of Electrics for conventional AC EMU/ DEMU and also for 588 nos. of Traction motors received from Railway Board and Indian Railways manufacturing units at ICF, RCF, DLW, etc.
- Order for 11 nos. 700 HP Diesel Electric Shunting Locomotives received from JSW Steel Limited, Bellary.

Other business highlights in this segment include:



Boiler Drum (Unit-III) under dispatch for HMEI Guru Gobind Singh Refinery at Bhatinda, Punjab

- BHEL has established itself as a manufacturer of IGBT based traction propulsion equipments for Indian Railways. Indigenous Development of IGBT based equipment shall help Indian Railways to reduce dependence on costly imports.
- BHEL has supplied, erected and successfully commissioned Electric propulsion systems, controls and other equipments for prototype rakes of Kolkata Metro coaches and are successfully running under commercial operations. Series manufacture and supply of equipments for remaining 11 rakes are in progress.
- BHEL signed a JV agreement with Govt. of Kerala to take over Kasaragod unit of KEL. After due diligence exercise, A JV company named BHEL Electricals Machines Ltd., has been registered. In addition to present range of manufacture of Alternators, other complementary products like LT motors, WEG's Alternators and traction equipments for IR are proposed to be taken up for manufacture by JV.
- BHEL has signed a JV agreement with Alstom, France for participation in IR tender for setting up a factory at Dankuni, West Bengal on Public-Private Partnership pattern for manufacture and supply of Electric Loco components to CLW.
- Loco manufacturing capacity at Jhansi unit has been augmented from 30 nos. to 50 nos. Further augmentation from 50 nos. to 75 nos. per year is underway to meet Railways' increased requirements.

Industrial Products (Electrical)

- Highest value single order for HT Motors finalized in the country so far, for 20 nos. 6 MW 4P SCIMs for special coolant pump application of RAPP & KAPP 700 MW sets of M/s NPCIL.
- Orders for 124 motors (180 – 2100 KW) for M/s IOCL's Paradeep refinery which include 110 nos. flame proof motors.

Other business highlights in this segment include:

- Design and manufacture of largest BFP motor - 17500KW 11 KV 4 Pole SCIM for NTPC Barh 2 X 660 MW. The motor has been successfully tested and approved by NTPC.
- New design of vertical synchronous motor developed - 4000KW 11 KV 16 Pole, and motor manufactured and tested for AMR Lift Irrigation Scheme through M/s WPIL.
- Manufacturing capacity for electrical machines expanded to 2250 machines p.a. at Bhopal to address market requirements in line with the growth projections.

Industrial Products (Mechanical)

- Order for 3 nos. Turbo Blower Package with Steam Turbine Drive from SAIL-Bhilai Steel Plant.

- Orders for Compressors from Fertilizer Sector (NFL Bhatinda, NFL Nangal, NFL Panipat and GNFC Bharuch) & Refinery Sector (BPCL Mumbai). In addition an order for CO₂ Compressor revamp from NFL Vijaipur.
- Highest value order for supply of WH&XMT from ONGC Bassein and Satellite Assets.

Other business highlights in this segment include:

- Collaboration entered into with M/s GENP, Italy for manufacture of centrifugal compressors. This will further enhance BHEL's capability to address market requirement of higher size compressors for refinery, fertilizer, petrochemical, pipeline and other applications.
- MOU entered into with M/s NOV, USA for AC Drives for Oil Rigs

Defence Business

- Prestigious order for Integrated Platform Management System for the 1st Air Defence Ship (Indigenous Aircraft Carrier) being manufactured in India for the first time. The order has been received against stiff competition from the global giants.

Transmission Systems – Sub-station / switchyards

- Breakthrough order from PGCIL for the world's first ± 800 kV, 6000 MW Ultra High Voltage Multi-terminal DC Transmission Link, in consortium with ABB, Sweden has been bagged. This will be world's first ± 800 kV, 6000 MW Ultra High Voltage Multi-terminal DC transmission link. The link comprises three converter terminals and a power transmission system with a built in capacity up to 8,000 MW which is the largest HVDC transmission system ever built. The use of Ultra High Voltage (± 800 kV) minimizes transmission losses. In financial terms, this is the largest order finalized in T&D sector anywhere in the world.
- Order for 220 kV Substation and associated transmission lines from DPL.
- Order for installation of 4 nos. 63 MVar Shunt Reactors at various substations from KPTCL.

Other business highlights in this segment include:

- BHEL is the first company in India to indigenously develop and manufacture 1200 kV transformers. At newly constructed manufacturing block at Bhopal, BHEL has manufactured 1200 kV 180 MVA test transformer which shall be used as testing transformer in UHV Lab.
- BHEL has also manufactured 1200 kV CVT required for Bina station in addition to 420 kN disc insulators already supplied for the 1200 kV test transmission line at Bina.

Transmission Products

- Order from Indiabulls for 36 transformers totaling



400/220 kV PGCIL's Substation at Arasur, Tamil Nadu

to 4078 MVA including 10 generator transformers each of 330 MVA, 400 kV for Phase-II of Nasik and Amravati projects.

- Order for the largest rating state-of-the-art Dry Type Transformers, in the country. Order was secured for 6 nos., 15 MVA dry type transformers from Bluestar for Reliance Sasan project, against international competition

New & Renewable Energies

- Four significant orders of SPV power generation plants totaling to 8 MWp: Union Territory of Lakshadweep for Augmentation, Renovation and Operation & Maintenance of aggregate 2.15 MWp SPV plants at various Islands, 6 MWp orders from Indiabulls for projects at Bareilly & Nagpur.

Other Business highlights in this segment include:

- BHEL is working with Bharat Electronics Limited to set-up a manufacturing plant of approx. 240 MW solar PV products and systems. This will bring economies of scale offering solar PV products and systems at competitive prices in India and abroad.
- BHEL has entered into a manufacturing co-operation agreement with GE India Industrial Private Limited (GEIPL), India. Both partners will jointly address requirement of state-of-the-art Water treatment plants for the Power Plants, Industry and Municipal corporations. With this agreement, BHEL's Ranipet plant will benefit with development of capabilities in offering the large size water treatment plant as turnkey solutions to the customers.
- With the aim of providing EPC solutions in Concentrated Solar Thermal area BHEL has signed an agreement with M/s Abengoa Spain, through which EPC solutions would be offered to clients, based on parabolic and power tower technologies. BHEL's units at Tiruchirapalli, Hyderabad, Bhopal, Haridwar and Bangalore would deliver the major equipment like power block, heat transfer equipment, steam generators, piping etc.

International Business



2xFrame 9E GTG order under execution at PDO Amal site in Oman

INTERNATIONAL BUSINESS

- In International Business, the global outlook still remains cautious and signs of recovery after global meltdown are unable to create a positive atmosphere for infrastructure investments. Energy investment worldwide has plunged resulting in project deferments and cancellation due to financial crunch. Recent developments in the Middle East & North Africa have also adversely affected the business prospects in our traditional markets with many projects on hold.
- In spite of such challenging trends, BHEL has been able to sustain its exports momentum with a physical export order inflow of ₹ 3738 Crores from 24 countries spread over five continents during the year registering a 5% growth over last year.
- The year marked significant steps towards globalization with successful forays in new markets and new product areas, apart from firmly establishing the company's presence in existing markets.

MAJOR ACHIEVEMENTS DURING 2010-11:

During the year BHEL secured following prestigious orders:

- Single largest export order for Gas Turbine based Power Project – Further strengthening its foothold in Yemen, BHEL secured the prestigious order for

the 4x168 MW Gas Turbine based Marib-II Power Project. This is the largest ever order for an overseas gas turbine based power project.

- Yemen - entry into new market – BHEL successfully made its maiden entry in Yemen by securing orders for supply of motors.
- First ever order for motors from Kenya – BHEL for the first time secured an order for supply of motors to Mombasa Cement Ltd., Kenya.
- Maiden order for Solar cells from Hong Kong & Turkey – Entry into new market – BHEL for the first time secured orders for supply of solar cells to Hong Kong & Turkey.
- Order for Control Equipment from USA – BHEL secured order for supply of Bus Extender Modules from Metso Automation, USA.
- Continued focus on After Sales Services led to orders for Spares & Services from UAE, Bangladesh, Bhutan, France, Indonesia, Kazakhstan, Sri Lanka, Libya, Malta, Malaysia, New Zealand, Oman, Saudi Arabia, Thailand and Yemen.

EXECUTION OF MAJOR OVERSEAS ORDERS:

- Major milestone of the year was the commissioning of four power plants in Bangladesh, Libya, Oman and Nepal.



Contract signing for 400 MW Marib Phase II Gas Turbine Power Project, Yemen



2x126 MW Siddhirganj Peaking Power Plant, commissioned by BHEL in Bangladesh

The major projects executed during the year are:

- Bangladesh – Siddhirganj Gas based power plant's second unit (126 MW Gas Turbine Generator set) commissioned.
- Libya – Unit-5 (157 MW Gas Turbine Generator set) of Western Mountain Power Plant Extension project, Libya successfully commissioned. With this now the installed capacity of this plant has been increased to 750MW, making it the largest power plant so far set up by BHEL overseas.
- Oman – 2x26 MW Gas Turbine Generator Sets of Oman Refinery Company commissioned.
- Nepal – Renovation, Modernization & Upgrading of 5 MW Unit of Devighat Hydro Power Project successfully completed.
- Tajikistan - Hydro generator supplied by BHEL for Pamir-I Power Plant successfully commissioned.
- Myanmar - 16 nos. transformers supplied and successfully installed. These transformers were for replacement of damaged transformers during cyclone.
- Ethiopia - 230KV Substation at Semera, charged. With this BHEL has now successfully charged four substations in Ethiopia.



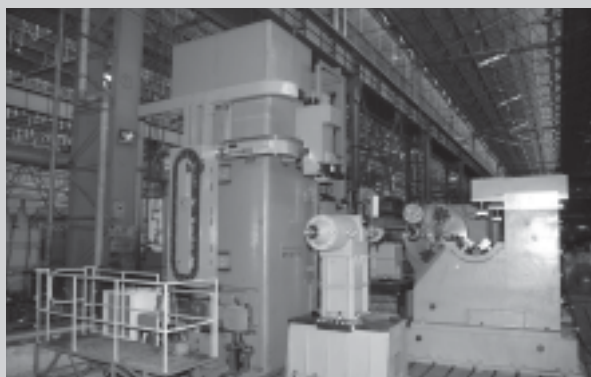
Boiler Drum Lifting at 4x125 MW STG based Project at Kosti, Sudan



2x135 MW CFBC Boilers under execution at Koniambo, New Caledonia



Capital Investment



CNC Horizontal Borer, 130mm at BHEL's Plant at RC Puram, Hyderabad



CNC 5 Axis 2 Spindle Machines installed at New Turbine Blade shop, Haridwar



Boiler drum shop at BHEL Tiruchirappalli



Drum U-shell edge preparation machine installed at BHEL, Tiruchirappalli

C. CAPITAL INVESTMENT

- The company made an investment of ₹ 1655 Crore during 2010-11 towards augmentation of manufacturing capacity and modernization of facilities in manufacturing units and at power project sites.
- Focused attention was given on rebuilding and retrofitting of existing facilities to enhance their life, accuracy and productivity through an additional investment of ₹ 58 Crores.
- The company's augmentation programme to 20,000 MW per annum by March 12 to meet the power requirement of the Twelfth plan and beyond, is on track.
- 120 major state-of-the-art machining facilities/ process plants commissioned across BHEL units during the year under various ongoing Capacity Augmentation Schemes. Today BHEL has about 500 nos. CNC machines which include large size Lathes, Horizontal Borers, Vertical Borers, Machining Centers, Flame Cutting Machines, 5-axis Machining Centers, Incremental Pipe Bending Machines, Special Purpose Machines etc.

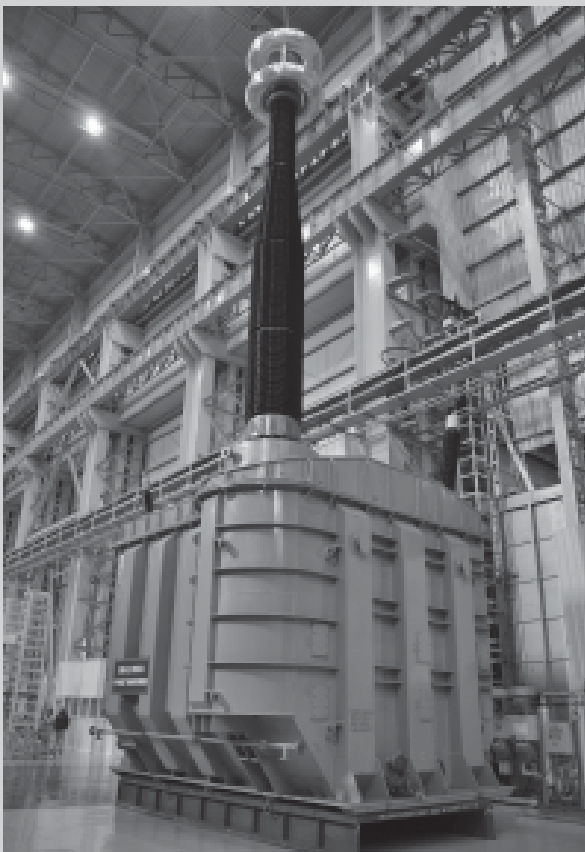
- For meeting enhanced load of commissioning of Power Plants, BHEL has inducted following 17 nos. of heavy lift and medium range cranes to resolve constraints at project sites. With this a total of 125 cranes are available for executing work at project sites.

D. JOINT VENTURES

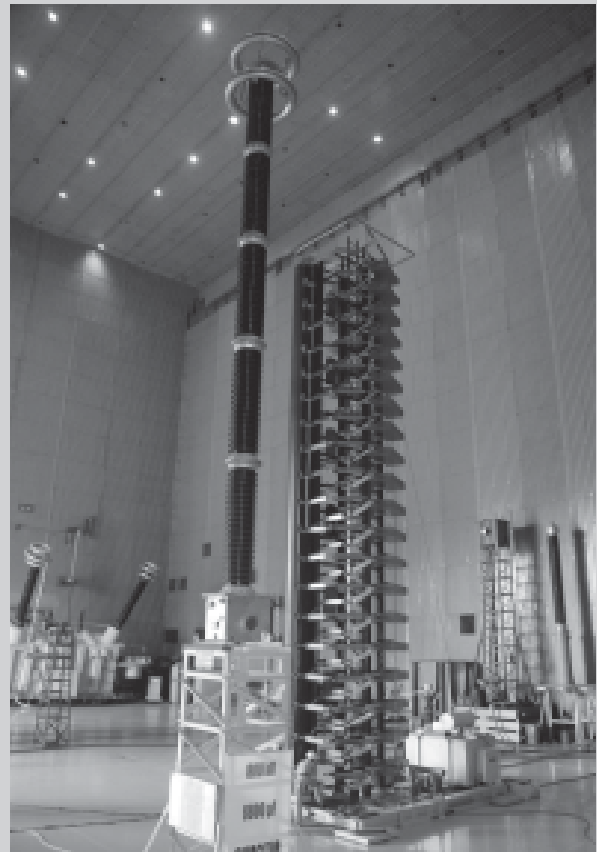
A) BHEL-GE Gas Turbine Services Ltd. (BGGTS):

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

BGGTS achieved a sales turnover of ₹ 418 Crore during the year 2010-11 with a profit after tax of ₹ 57 Crore. Orders for ₹ 509 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 in both Public and Private sectors. BGGTS also completed export orders of ₹ 32 Crore. For the year 2010-11, BGGTS has declared a dividend of 660 % thereby maintaining its consistent record of improved performance.



1200 kV, 180 MVA, 1-phase Transformer



1200 kV, 2000 pF Capacitor Voltage Transformer

B) Powerplant Performance Improvement Limited (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.

C) NTPC BHEL Power Projects Limited (NBPPL):

BHEL along with NTPC Ltd. has promoted a Joint Venture Company "NTPC BHEL Power Projects Private Limited" for carrying out EPC contracts for Power Plants and other Infrastructure Projects in India and abroad. The JV Company can also take up manufacture and supply of equipments, for power plants and other infrastructure projects, which are not subject to any limitation or restriction under any ongoing collaboration agreement of promoter companies. The JV Company was incorporated on 28th April, 2008 with initial authorized and paid up capital of ₹ 10 lakhs subscribed to equally by NTPC and BHEL. Further, Board has also decided to enhance BHEL's contribution from ₹ 5 lakh to ₹ 100 Crore which will be done in tranches depending upon the requirements. The paid up capital is ₹ 50 Crore, with BHEL and NTPC each subscribed ₹ 25 Crore. The JVC has acquired land in Mannavaram, AP and is in the process of implementing Phase-I of the investment already approved. The JVC is also executing orders for Balance of Plant equipment assigned to it. NBPPL has entered into a technical collaboration agreement with M/S DMW, USA for manufacture and supply of Coal Handling Plants.

D) 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 Limited with an authorized and paid up capital of ₹ 10 lakh subscribed to equally by BHEL and PTC. Due to non availability of local coal, the power plant has not been found to be viable. JV is under winding up.

E) Udangudi Power Corporation Limited (UPCL):

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 ₹ 10 Crore subscribed to equally by TNEB and BHEL. The equity structure would be diluted subsequently to bring in Financial Institution/Banks etc., so that TNEB & BHEL hold 26% equity each. The state Govt. has allotted land to the JVC for the project. The JVC is also in the process of obtaining coal linkage, MOEF clearance and finalizing main plant equipment order on BHEL. At present the paid up equity capital is ₹ 65 Crore, with BHEL and TNEB each subscribed ₹. 32.5 Crore.

F) Raichur Power Corporation Limited (RPCL):

BHEL has promoted a joint venture company with Karnataka Power Corporation Limited (KPCL) for setting up of a 2x800MW Supercritical Thermal Power Plant at Yeramarus, Raichur, Karnataka and 1x800MW 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 Limited". The initial authorized and paid up equity of the JVC is Rs. 10 Crore subscribed to equally by KPCL and BHEL. A change in equity structure has been approved with KPCL holding 50%, BHEL 26% and balance by Financial Institution/Banks. The JVC has received MOEF clearance for the 2x800MW Yeramarus power project and the order for supply and E&C of main plant equipment for the 2x800MW

Yermarus project has been placed on BHEL for a value of approx ₹ 6300 Crore. The EOI for 1x800MW Edlapur project valuing ₹ 3100 Crore has also been settled and LOA would be placed after MOEF clearances. At present the paid up equity capital is ₹ 663 Crore, with BHEL and KPCL each having subscribed ₹ 331.5 Crore.

G) Dada Dhuniwale Khandwa Power Limited (DDKPL):

BHEL has promoted a joint venture company with Madhya Pradesh Power Generating Company Ltd. (MPPGCL) for setting up of a 2x800MW Supercritical Thermal Power Plant at Khandwa, Madhya Pradesh on build, own and operate basis. The Joint Venture Agreement with MPPGCL was signed on January 28, 2010 and the JVC was incorporated on February 25, 2010 under the name of "Dada Dhuniwale Khandwa Power Ltd". The initial authorized and paid up equity of the JVC was ₹ 5 Crore subscribed to equally by MPPGCL and BHEL. A change in equity structure has been approved with BHEL holding 26%, MPPGCL-10%, PSUs/PSU-FIs/PSU bank-16% and balance 48% by a partner. The process of selection of 48% partner has been initiated. At present the paid up equity capital has been increased from ₹ 5 Crore to ₹ 45 Crore, with BHEL and MPPGCL each having subscribed ₹ 22.5 Crore, to enable JVC to meet land acquisition expenses.

H) Latur Power Company Limited (LPCL):

BHEL has promoted a Joint Venture Company with Maharashtra State Power Generation Company Ltd.

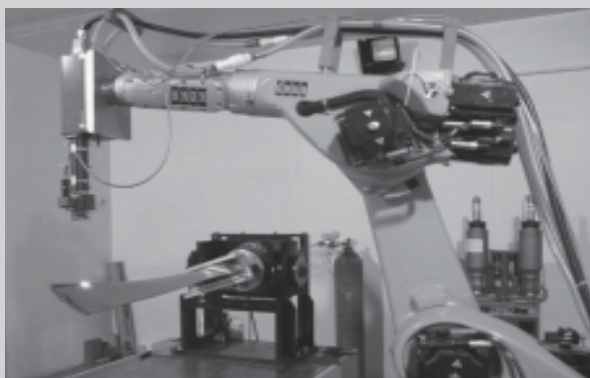
(MAHAGENCO) for setting up a 2x660 MW Thermal power plant or 1500 MW gas based Combined Cycle Power Plant (CCPP) in Latur, Maharashtra. The Joint Venture Agreement with MAHAGENCO was signed on November 11, 2010 and the JVC was incorporated on April 6, 2011 under the name of "Latur Power Company Ltd". The initial authorized equity of the JVC is ₹ 5 Crore. The equity structure would be diluted subsequently to bring in Financial Institution/Banks etc., so that MAHAGENCO & BHEL hold 26% equity each.

I) BHEL Electrical Machines Limited:

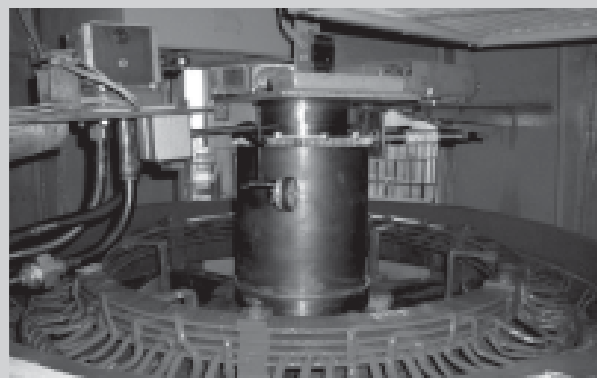
The Joint Venture Agreement was entered on 8th September 2010 with Govt. of Kerala for acquiring the Kasaragod Unit of Kerala Electrical and Allied Engineering Company Limited (KEL), a wholly owned undertaking of Govt. of Kerala. The Company has been incorporated on 19th January 2011 as "BHEL Electrical Machines Ltd.", with BHEL holding the majority stake of 51% and Govt. of Kerala retaining 49%. The Company shall manufacture alternators and other rotating electrical machines.

E. R&D AND TECHNOLOGICAL ACHIEVEMENTS

BHEL places strong emphasis on innovation and creative development. The research and developmental efforts of the company are thus aimed not only at improving the performance and efficiency of the existing products, but also developing new products using state-of-art technologies and processes, relevant to the needs of the country to remain current both in terms of



Laser Hardening System for Surface Engineering



Brushless Exciter developed at BHEL's R&D Centre installed at Devighat HEP, Nepal

technology & features vis-à-vis global benchmarks. Accordingly, BHEL pursued two pronged strategy namely; aggressive in-house efforts and encouraging innovation which is in line with the “Decade of Innovations (2010-2020)” declared by Govt. of India. As a result, R&D spend of the company has registered 18% growth over last financial year (from ₹ 829 Crores to ₹ 981.86 Crores) and associated growth of 15% in turnover from In-house developed products and services clocking turnover of ₹ 7809 Crores, which is approx 20% of the total turnover of the company.

BHEL's efforts for encouraging innovation have resulted in raising BHEL's IPR capital tally to 1438 with highest ever IPRs (303 nos.) filed this year.

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

- As part of its endeavour to offer the most contemporary products & technologies to customers, BHEL has become the first company in India to indigenously develop and manufacture 1200 kV transformers. BHEL has successfully manufactured 1200 kV, 180 MVA test transformer to be used as a testing transformer in the UHV Lab. BHEL has also developed and manufactured 1200 kV Capacitor Voltage Transformer (CVT) for the 1200 kV test transmission line at Bina, which is a stepping stone for the company in the field of UHVAC Transmission systems. 530 kN Disc insulators for 1200 kV UHVAC transmission lines have also been developed for the first time in the country. Besides, the company has indigenously developed and manufactured 765 kV, 500 MVA Transformer which will be put for field trial at Power Grid Sub-station, Wardha.
- Aimed at enhancing efficiency as well as revenues for hydro utilities, BHEL has developed a hydro power plant equipment maintenance management system (MMS) – a maintenance software that provides vital support in ensuring continuous power generation while minimizing overhead costs due to downtime, repairs and replacements. MMS ensures achievement of long-term objectives of the plant through effective and efficient maintenance scheduling and other retrieval functions. Major utilities have already made the inclusion of MMS package mandatory in all their tender documents. The system is being supplied to NHPC for installation at Sewa HEP.
- For the benefit of its customers by way of developing effective control systems for its products, a compact and cost-effective digital online monitoring and control system (OLMCS) for power transformers has been developed and tested. The unit can measure and monitor winding temperatures, electrical parameters, moisture and gas-in-oil, and provides alarm signals along with supervision of the operating condition and estimation of remnant life and controlling overload of the transformer. The system helps save energy and maintains voltage profile and has been type-tested as per international standards
- Continually striving to improve the economies of solar PV systems, BHEL has designed and developed high efficiency passivated interface (PI) hetero junction solar cells on full size (125 mm pseudo-square), mono crystalline silicon wafers. With process step optimization, an efficiency as high as 16.9% have been achieved. This is among the first few best efficiencies reported so far internationally for these type of cells. Following this development, steps will be taken towards batch production of cells and modules and subjecting the modules to qualification tests.
- Reinforcing its commitment to optimum utilization of natural resources as well as its concern for the environment, BHEL has developed a dynamic classifier system. The system improves classification efficiency of the pulveriser and provides better particle size control enabling availability of uniform coal size to the burners leading to improvement of combustion efficiency of the boiler and reduction in the NOx emission from the boiler. The new dynamic classifier system has been commissioned at Dr. Narla Tata Rao Thermal Power Plant, Vijayawada.

- Consistently offering tailor-made designs to suit customer needs, BHEL has developed a more reliable 500 kW, 300 rpm brushless exciter has been developed to cater to a range of hydro generators from for 16 MW to 60 MW rating. This opens up vistas to cater to a wider range of hydro generators and is also suitable for retrofit jobs in BHEL make hydro generators. Field trials at Devighat Hydro Power Station in Nepal have commenced and BHEL plans to develop brushless exciters for hydro generators up to 250 MW as the next step.
- Consistently offering tailor-made products & designs to suit customer needs, BHEL has developed & installed a 2.5 MVar STATCOM for controlling quality of power and to reduce voltage flicker during operations of the electric arc furnace (EAF) at the Bhilai Steel Plant. Voltage flicker and harmonic currents induced by EAF operations affect the performance of sensitive electronic equipment connected to the distribution bus of the plant and other consumers linked to subject distribution systems. BHEL's STATCOM, configured for EAF, increases steel productivity, reduces electrode consumption and reduces peak demand.
- Aimed at establishing dedicated infrastructure for developing high and ultra high voltage gas insulated transmission equipment, BHEL is establishing an Ultra High Voltage (UHV) Laboratory for gas insulated substation (GIS) equipment at its Corporate R&D division, Hyderabad. The facility will

also promote development and training of BHEL personnel in design, evaluation processes and allied technologies specific to gas insulated transmission equipment. It will comprise two distinct functional components – a high voltage di-electric test facility, and a dust-free design and assembly area.

- In line with its developmental work in futuristic areas, BHEL is establishing a Centre for Nano Technology (CNT) at its Corporate R&D division at Hyderabad. The facility will explore the application of nano materials in products and systems relevant to BHEL. Material development for applications like power plant components, nano structured wear-resistant coatings, electrical insulating materials, solar cells, carbon nano tube applications, nano fluidics, fuel cells and sensors, will be studied at this facility. The CNT is being established to carry out cutting edge R&D and make BHEL future ready in the areas of ultra supercritical power and renewable energy.
- BHEL continued its tradition of contributing to the country's space program - 210 sq. mts. of space grade solar panels and 28 space quality batteries have been supplied to ISRO for their space program, so far. During the year, ISRO launched Carto2B and GSAT4 satellites which are equipped with BHEL's 24AH Ni-Cd batteries and solar panels respectively.
- Pursuant to Govt. of India's "National mission for development of Clean Coal (carbon) Technology", a MOU has been signed between BHEL, IGCAR and NTPC in Aug'10 for development & deployment



High Voltage Laboratory Foundation Stone being laid by former Secretary (HI), Govt. of India



Centre for Nano Technology Foundation Stone being laid by Director (E,R&D), BHEL

of advanced Ultra supercritical power plant in India. BHEL would play a lead role in the entire spectrum from development to deployment.

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. Therefore, mandays lost reported during the year 2010-11 was NIL

Two meetings of the apex level bipartite forum, namely "The Joint Committee for BHEL" were held during the year. In addition, two meetings of the Anomalies Committees were held during the year wherein various issues arising out of the implementation of 2007 wage revision were discussed and amicably settled. Elections for deciding the representative union(s) were conducted in Bhopal unit on 22nd April, 2010 after a gap of about 33 years. Further, the Sub-Committee of the Joint Committee met in November, 2010 and decided to hold elections for reconstitution of the Joint Committee in April, 2011. Meetings were also held with the representatives of Executives and Supervisors wherein both Company and employee interest related issues were discussed.

48 meetings of the Plant Councils and 177 meetings of the Shop councils were held during the year in various units of the Company wherein issues like cost reduction, meeting the production targets and customer commitments, sequential delivery, product quality, etc. were deliberated at length to improve the overall performance.

BHEL employees have always come forward in the cause of national disasters and calamities and stood by the victims of such incidents. Continuing this tradition and as an expression of solidarity with the people struck by cloudburst in Leh area in the state of Jammu and Kashmir, BHEL employees voluntarily donated a sum of approximately ₹ 4.36 Crores (Rupees Four Crores Thirty Six Lacs) towards the Prime Minister's National Relief Fund to provide succour to the affected and displaced persons.

2) Awards won by BHEL, Units & employees

Prime Minister's Shram Awards (declared 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.
- **Prime Minister's Shram Award 2008** (declared on 15th August 2010): Shram Bhushan Award (One award won by an employee from EDN-Bangalore); Shram Vir Award (One award won by an employee from HEP-Bhopal); Shram Shree Awards (Two awards won by an employee from CFFP-Haridwar & an employee from HPEP-Hyderabad).
- **Prime Minister's Shram Award 2009** (declared on 21st February 2011): Shram Vir Award (One award won by an employee from CFFP-Haridwar); Shram Shree Award (One award won by 3 employees from HPEP-Hyderabad).
- **Prime Minister's Shram Award 2010** (declared on 5th July 2011): Shram Bhushan Award (One award won by 4 employees from HPBP-Trichy); Shram Shree Award (One award won by an employee from BAP-Ranipet).

National Safety Awards 2009 (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 & maintain interest of both the management & the workers in accident prevention programs. SSTP-Trichy unit was declared winner.

Energy Smart Organization 2008 (declared by The Institution of Engineers (I) - AP State Centre)

Hyderabad unit was declared as an "Energy Smart Organization" during All India Seminar on Enhanced Energy Efficiency held on 24-25 November 2010.

3) Human Resource Development

During the year 2010-11, the total number of employees exposed to different types of training is 31166, giving 15.02 training man days per employee.

In addition to employees, 6819 Act Apprentices were trained in different units giving 1552577 man days.

Customer training has been a regular activity at BHEL and during the year, 1389 customers were trained giving 112612 man days.

Rising to the social commitment, 8878 vocational trainees from different professional institutions were also trained.

Human Resource Development Institute, Noida

During the year 2010-11, HRDI conducted 69 programmes spread over 352 days. A total of 1544 participants have been covered giving 7286 training man-days.

Thrust on mentoring

Mentoring has been made compulsory for every Engineer Trainee / Executive Trainee since the year 2008-09. During the year 2010-11, 368 Mentors were trained in 13 training programmes held at HRDI and Units.

Engineer / Executive trainees induction training

Engineer Trainees (ETs) were provided one year training according to Dakshata-2007 manual at BHEL units followed by the successful absorption in BHEL.

- During the year, 634 ETs were successfully absorbed and Common Induction Learning for additional 1000 ETs had been successfully completed.
- Additionally, 900 ETs joined BHEL in February 2011 at various units. Their CIT has also been successfully completed at various units.

4) Manpower strength

The manpower strength of the Company as on 31.03.2011 was 46,748.

5) Status on Presidential Directives

Presidential Directives on reservation policy issued by Central Govt. on reservation from time to time pertains to provision of certain percentages of

reservation in direct recruitment as well as promotion in specified posts and for specified reserved category of candidates, i.e SCs, STs, OBCs and Physically challenged. Besides, the Directives also contain provision of certain concessions and relaxations in direct recruitments, promotions and reservation for housing for specified category of employees. The Presidential Directives on the subject from time to time are being strictly complied with and reservation percentages are ensured through maintenance of Post Based Roster system as prescribed by Govt. However, there is no direct impact of these guidelines on the financial position of the company.

i) 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, STs OBCs and PH. During the year 2010, 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.

ii) Representation of SC/ST employees:

The overall representation of SC/ST/OBC employees in total manpower was 19.59%, 5.40% and 18.28% for SCs, STs and OBC respectively as on 31.12.2010.

However, the percentages in direct recruitment during the year are 16.86% for SCs, 8.00% for STs and 21.49% for OBCs. This does not include offers issued, but joined after 31.12.2010, 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 01.01.2011 and number of appointments made during the preceding calendar year, as furnished to the Government, is given at **Annexure - A**.

iii) Manpower strength of Physically Challenged employees as on 1st Jan, 2011:

Presently we have a total of 755 Physically Challenged employees in BHEL as on 01.01.2011. The group wise manpower strength of Physically Challenged employees in the Company as on 01.01.2011 is given at **Annexure - B**.

G. RIGHT TO INFORMATION ACT, 2005

- BHEL is a front-runner in implementing the Right to Information (RTI) Act, 2005 in letter and spirit. A Central Public Information Officer (CPIO) and a Central Assistant Public Officer (CAPIO) at the company level and 14 CPIOs for each of the administrative units are functioning as part of Right to Information.
- Proactive disclosures were made in line with Section 4 (1) (b) of the Act through BHEL website. Suitable guidelines have been placed on RTI web page on BHEL web site for convenience of the applicants, seeking information. Guidelines have been issued to administrative units to ensure compliance to the mandatory requirements of the Act.
- BHEL received 1028 RTI applications during the year 2010-2011, while 146 appeals were filed before the First Appellate Authority. All these applications and appeals were disposed off as per the provisions of the Act.
- In order to give greater thrust to implementation of RTI Act, Human Resource in this Group at Corporate Office has been strengthened.
- BHEL is an active member of the *Steering Committee on RTI* constituted by *Standing Conference of Public Enterprise (SCOPE)* wherein RTI related issues of common interest to various Public Sector Undertakings (PSUs)

are exchanged so as to enable *SCOPE* to take-up the matter appropriately for intervention at policy level.

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 system through regular audits, system reviews and monitors compliance of various policies and procedures. The Company has in-house Internal Audit Department commensurate with its size of operations. Functioning of Internal Audit and adequacy of internal control system is reviewed by Board Level Audit Committees which is supported by Unit Level Audit Committee.
- The company has well placed proper and adequate systems of internal control and documented procedures covering all financial and operating functions. Adequate internal control 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. The Company continues its efforts to align all its processes and controls with global best practices.

I. MERGERS & ACQUISITIONS

BHEL is actively pursuing acquisition opportunities in Europe & USA in the areas of renewable energy and other potential areas like transportation & transmission to achieve its objectives like access to technology, access to global markets, securing global supply sources, diversifying into related &

new business areas. In this pursuit BHEL has conducted an "M&A Advisors Meet" at Mumbai in November 2010 with empanelled M&A Advisors, to share BHEL's target areas / sectors for M&A.

Bharat Heavy Plate & Vessels, Visakhapatnam (BHPV) a wholly owned subsidiary of BHEL, which was acquired by BHEL in May 2008 has been turned around and registered a profit after tax of ₹ 8.77 Crore in FY 2010-11.

J. OPPORTUNITIES AND THREATS

World

The global economic crisis of 2008-09 threw energy markets around the world into turmoil. Fortunately, with the growth of 4.9% in 2010 global economy rebounded, as government support and the need to replenish inventories reversed the decline and sparked renewed growth in industry and trade. This economic growth was led by the non-OECD economies which had suffered least during the crisis.

As always, economic growth is a key determinant of energy demand and the energy consumption generally mirrors the economic cycle. Therefore, the pace of the global economic recovery holds the key to energy prospects for the next several years, but it will be governments' responses to the twin challenges of climate change and energy security that will shape the future of energy in the longer term. As per BP Statistical Review of World Energy 2011, energy demand fell by more than GDP in 2009 (when it saw its first decline in almost 30 years) and it rose by more than GDP in 2010 (when it saw its strongest increase for nearly 40 years).

In recent years, world has seen notable steps forward by international political fraternity in policy making, with the negotiation on important international agreements on climate change, reform of inefficient fossil-fuel subsidies and development and deployment of low-carbon technologies which has potential to transform the global energy systems.

As per World Energy Outlook 2010, in above policy scenario world primary energy demand is expected to increase by 36% between 2008 and 2035 or 1.2% per year on average. Fossil fuels- oil, coal and natural gas-

will remain the dominant energy sources in 2035 accounting for over one-half of the increase in total primary energy demand. By 2035, China would account for 22% of world demand, up from 17% today followed by India with 18% share in the rise.

Natural gas is expected to play a central role in meeting the world's energy needs for at least the next two-and-a-half decades. Global natural gas demand which fell in 2009 with economic slowdown is set to regain its long-term upward trajectory from 2010. It is the only fossil fuel for which demand is higher in 2035 than in 2008.

Renewable energy sources will have to play a central role in moving the world onto a more secure, reliable and sustainable energy path. The potential is unquestionably large, but how quickly their contribution to meet the world's energy needs grows hinges critically on the strength of government support to stimulate technological advances and make renewables cost competitive in comparison to other energy sources.

India

GDP growth of 8.6% (AE) during 2010-11 restored economy to the high growth trajectory. Growth had moderated in the preceding two years as the global economy slowed down as a result of global financial crisis. The growth during 2010-11 reflects a rebound in agriculture and sustained levels of activity in industry and services.

Overall growth indicators are mixed. Prospects for agriculture appear encouraging, given IMD's forecast of a normal monsoon and a good outturn of Rabi in 2010-11. Industrial growth, however, moderated in the second half largely reflecting the waning of base effects and contraction in capital goods output. The deceleration has, however, been exacerbated by few items with volatile output. Other indicators, such as the Purchasing Managers' Index (PMI), direct and indirect tax collections, merchandise exports and bank credit suggest that the growth momentum persists. Indicators on services sector activity also remain robust, not withstanding some deceleration in the government spending related services. However, high energy and

commodity prices may impact output and investment climate, and pose a threat to maintaining high growth at a time when the investment momentum may be slowing down.

Power Sector

Government of India is strongly committed to build an efficient and rapidly growing electricity sector with large-scale private and foreign investment and state-of-art technology. Various policy and regulatory reforms like Electricity Act 2003 demonstrate this resolve. As a result, the sector has been growing quite remarkably over the last couple of years. During 11th Plan, country witnessed capacity addition, much of it thermal, of 34.5 GW up to 2010-11, the highest ever in any plan. There are indications that in 2011-12, the sector is expected to add even more, about 60 GW in all over the XI Plan period (ending in 2011-12), virtually double that in the previous five years' plan. Still, country's power sector is characterised, with some pockets as notable exceptions, by a sharp demand-supply imbalance, frequent power cuts, and inadequate coverage. The peak load deficit during 2011-12 is expected to be 10.8%. It is acknowledged that the deficit in power availability is a significant impediment to the sustained development of the economy. In this context, bridging the gap in demand and supply has become critical and consequently, large capacity additions are being undertaken in different segments of the sector; Generation, Transmission and Distribution. During 12th and 13th Plan periods, Government of India plans to add more than 100 GW each to the power generation capacity of the nation with the matching additions in T&D segments. There are tremendous opportunities for growth for all stakeholders. New players from India, China and developed nations are striving to exploit these opportunities emanating from Indian markets.

Indian power sector is also responding to the challenges of climate change by introducing energy efficient, climate friendly and less fuel consuming technologies like high rating thermal sets with Supercritical parameters, UHV Transmission systems etc. Development of IGCC and Advanced Ultra Supercritical technology is also being pursued aggressively.

However, some areas continue to concern stakeholders. Capacity imbalances particularly in Balance of Plant areas along the power value chain have emerged as one of the main hindrances in realising the capacity addition targets for the sector. The woes of land acquisition, delay in regulatory clearances, erratic fuel supplies, lack of adequate infrastructure and deteriorating financial position of state utilities are risks to sustain current growth momentum of the sector.

Industry Sector

Real GDP growth in 2010-11 regained near trend growth rate, following two successive years of below trend growth. Non-agricultural GDP growth, however, was slightly below the trend. The main impetus to the growth in 2010-11 came from agriculture which benefited from a normal monsoon, while industry and services registered mild deceleration.

During 2010-11, the industrial sector exhibited signs of slowdown as the IIP growth moderated with intermittent episodes of volatility mainly on account of the high base effect and sharp deceleration in capital and intermediate goods which could partly be attributed to the moderation in investment demand in Q3 of 2010-11.

Lead indicators for the Capital Goods sector (business confidence, capital availability, capacity utilization) have moderated in recent months, as manufacturing inflation has been ahead of expectations. Increased cost of capital driven by elevated interest rates is likely to prompt a deferral of capacity addition plans for the manufacturing and services industries. Although companies in the capital goods space are reporting encouraging order enquires, project finalizations are being held off due to unfavourable macro conditions—in turn reflected in the muted growth in order inflows for the sector. Further, demand is likely to moderate in the short term as fallout of the rising interest rates. But demand is expected to revive over a longer time horizon on the back of the need for infrastructure spending to sustain the country's economic growth trajectory, and robustness in urban and rural consumption led by rising disposable incomes.

As per CMIE (May 2011), industrial production is expected to grow by 9-10 per cent in 2011-12 with capital goods production continuing to grow briskly

aided by huge capacity additions lined up across various industries.

K. POSITIONING FOR THE FUTURE

- The company continues its focus on six priority areas for growth viz. Capacity Enhancement, Accelerated Project Execution, Product Cost Competitiveness & Quality, Diversification, Engineering & Technology and People Development to sustain its leadership in the power sector and capture opportunities in emerging areas.
- Towards manufacturing capacity enhancement, capability to deliver 15,000 MW p.a. has been realised. Further expansion to 20,000 MW by March 2012 is in progress. By ensuring that investments are timely, well planned and scalable, the company continues to harness emerging opportunities in domestic Power sector.
- BHEL is actively pursuing several opportunities for sustaining future growth. These include:
 - Strategic Alliance with Toshiba, Japan to establish a JVC to address Transmission & Distribution (T&D) business in India and other mutually agreed countries. The JVC will cover equipments and projects in EHVAC & UHVAC range including 765 kV transformers and reactors & GIS, in addition to other products and systems.
 - Transportation business where BHEL is participating in tenders for setting up factory for Electric Loco components and Diesel Loco factory.

- Proactive participation in Nuclear Business segment by entering into a tripartite JV with NPCIL & Alstom for conventional island of Nuclear Projects for 700 MWe.
- Joint Working Arrangement with Abengoa, Spain for Concentrated Solar Thermal Power Plant (CSP) and the Strategic Alliance with BEL for formation of JV for setting up manufacturing facility (240 MW) for silicon wafers, solar cells & modules.
- Increased focus in water business area where the company has entered into a manufacturing associate agreement with GE India Industrial Private Limited (GEI IPL), for Water Treatment Equipment.
- In the company's quest to make its supply chain more agile and accelerate project execution, initiatives like vendor base expansion, outsourcing, advanced manufacturing action, rate contracts, deployment of additional tools and plants, global sourcing and away centre fabrication, etc. are being pursued continually.
- Capability building initiatives like Lean Manufacturing (LM), Design-to-Cost (DTC) and Purchase-Supply-Management (PSM) in identified product areas across the company would enable the company remain cost competitive.
- As a part of strategic initiative to enhance and strengthen manpower, an induction of 15,606 people has been done during 2007-11. Alignment



CMD, BHEL & CEO, GE-India, exchanging agreement documents for Water Treatment Equipment and Systems



CMD, BHEL & CEO, Abengoa Solar exchanging agreement documents to develop Concentrated Solar Power Projects in India

of HR processes and systems with business requirement would be continued with focus on enhancing employee engagement and development of skills and competencies besides ensuring succession planning.

- Despite slow recovery in international business, BHEL is poised to consolidate its position in existing international markets and make foray in new markets to expand its international footprint. Manufacturing and service presence in export markets will be explored for geographical diversification.
- To capture emerging opportunities, BHEL would continue to pursue strategic alliances by way of Joint Ventures with State Utilities to leverage equipment sales in supercritical thermal projects, and with others for sourcing of technology, critical inputs and equipments.
- BHEL 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 to excel in innovation-led business strategy to ensure that the company is at the forefront of industry developments and continually improves products and services.
- As a part of 'National Mission for Clean Coal (Carbon) Technologies', the company would play a significant role in development of Advanced Ultra Supercritical (ADV-SC) technology in association

with Indira Gandhi Centre for Atomic Research (IGCAR) and NTPC.

- The company is on track to meet the Strategic Plan 2012 target of US\$ 10-11 Billion by 2011-12.
- Formulation of 'Strategic Plan 2012-17', seventh in the series of Corporate Plans adopted by the company since 1974 is under process to address market challenges and enable the company enter next level of growth.

L. RISKS AND CONCERNS

The global economic recession that began in 2008 and continued till 2009, is moving towards recovery. As the global financial condition continues to improve, it remains uneven as there is downside risk on account of commodity prices, notably oil - which has the potential to move on the upswing due to uncertainties of supply and geopolitical considerations. There are mounting worries over energy security and climate change in the global context. Concern is on the rise about environment pollution in the emerging economies. Moreover, there is renewed debate on power generated from nuclear power stations and their strengthening on safety aspects. These are some factors influencing revisit of existing regulatory frameworks worldwide.

The Indian power sector has over the years caught attention of the world because of high power capacity additions program planned in the country. This has resulted in a number of international players/suppliers of power equipments increasing their focus on the growing Indian market by joining hands with domestic



New 600-800 MW TG Test Bed at BHEL, Haridwar



Coal Research Facility at Tiruchirappalli

companies, setting up manufacturing facilities or augmenting their existing capabilities. Some of these international players are technology leaders, and insist on their terms & conditions including imposition of licensing restrictions on different market territories in overseas arena as a pre-condition for technology collaboration.

A combination of global competition and open access in the domestic market is putting pressure on the margins as new players are likely to move towards gaining market share by bidding aggressively. This could escalate the competitive intensity for BHEL in the long-term. The margins could also be impacted by movement in raw material prices, especially steel and copper.

Coal being the dominant fossil fuel used for power generation in India, domestic power developers/utilities are facing crunch of this natural resource due to shortage of supply as excavation of coal is not matching with demand. In addition, various other constraints like delay in obtaining environmental clearances, land acquisition and local law and order problems are affecting implementation of power projects.

India has an overall strategic imperative to balance the goals of sustainable energy use, enhanced competitiveness and maintenance of the security of the energy supply. The Indian market is moving steadily towards adaptation of new technologies, like super-critical technology and its assimilation which can lead to initial technical hitches. The domestic power sector

has other concerns like limited number and capacity/capability of balance of plant vendors in the country as well as for competent/qualified construction contractors for taking up large size power projects and handling of increased construction load, shortage of skilled manpower with sub-contractors, contractual issues between project authorities/ developers, contractors and their sub-contractors etc.

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

For and on behalf of the Board of Directors of

BHARAT HEAVY ELECTRICALS LTD.



B. Prasada Rao

Chairman & Managing Director

Place : New Delhi

Dated : July 26, 2011

ANNEXURE – A

Annual Statement Showing the Representation of SCs, STs and OBCs as on 01/01/2011 and No. of appointments made during the preceding calendar year 2010

Groups	Representation of SCs/STs/OBCs (As on 01/01/2011)				No. of appointments made during the calendar year 2010									
					By Direct Recruitment				By Promotion**			By Deputation / Absorption		
	Total No. of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	13339	2023	787	1902	983	147	67	233						
Group B	11057	1862	251	681	11	1	0	0						
Group C	19591	4564	1376	5284	1833	329	163	361						
Group D (Exc. SW)	1233	297	37	423	49	8	0	24						
Group D (SW)	154	145	1	3	0	0	0	0						
Total	45374	8891	2452	8293	2876	485	230	618	0	0	0	0	0	0

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

ANNEXURE – B

REPRESENTATION OF THE PERSONS WITH DISABILITIES

Group	Number of Employees (representation)				DIRECT RECRUITMENT (During the calendar year 2010)								PROMOTION*							
					No. of Vacancies Reserved			No. of Vacancies Made (appointed)				No. of Vacancies Reserved			No. of Vacancies Made (appointed)					
	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH	VH	HH	OH	Total	VH	HH	OH		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
Group A	13339	3	13	132	0	1	0	983	0	3	15									
Group B	11057	4	12	133	0	0	0	11	0	0	0									
Group C	19591	31	33	378	8	15	6	1833	3	2	63									
Group D	1387	1	4	11	0	0	0	49	0	0	0									
Total	45374	39	62	654	8	16	6	2876	3	5	78									

Note: (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)

(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)

(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

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

ANNEXURE - II TO THE DIRECTORS' REPORT

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

PART-TIME OFFICIAL DIRECTOR

SHRI AMBUJ SHARMA

Shri Ambuj Sharma, aged 52 years, was inducted as a Part-time Official Director on the Board of BHEL w.e.f. 15th March, 2011. He is a post graduate in Geology and Business Administration. He is a member of the Indian Administrative Service 1983 batch. He has served in senior Government positions, both in the State Government of Tamil Nadu and Government of India. Important positions held by him in recent year have been in policy making, senior level posts in the Departments of Industry, Revenue, Home and Urban Development respectively. At present, he is posted as Joint Secretary to the Government of India in Department of Heavy Industry, looking after the auto sector, heavy electrical equipment sector, vigilance and several Public Sector Enterprises, including BHEL, which are engaged in the production of a wide range of goods and services. He also oversees the implementation of the National Auto Testing, Research and Infrastructure Project being implemented at an outlay of ₹ 2288 Crores, aimed at establishing modern, state of the art auto testing, homologation and R&D facilities at 7 centers across India.

Shri Ambuj Sharma does not hold any shares of BHEL.

PART-TIME NON-OFFICIAL DIRECTORS

SMT. REVA NAYYAR

Smt. Reva Nayyar, aged 65 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.

Smt. 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 and 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).

Smt. Reva Nayyar successfully managed annual budgets of more than ₹ 5000 Crores 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, Smt. Reva Nayyar is serving as Chairperson of Community Friendly Movement and Bal Sahyog Society, Delhi and a Director on the Board of Essel Social Welfare Foundation. She is also Trustee of Micronutrient Initiatives India and The Cathedral Vidya Trust.

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

SHRI TRIMBAKDAS S. ZANWAR

Shri Trimbakdas S. Zanwar, aged 57 years, was inducted as Part-time Non official Director on the Board of BHEL on 12th November, 2010. Shri Zanwar holds a Post Graduate degree in Law. He has diverse experience in various fields including social, political and education. He has been a member of various committees appointed by the State Government from

time to time. At present he is the President of the Rajya Saksharata Parishad (State Literacy Council - State Minister Status) and Member of the Marathwada State Council of Education and Agricultural Research, Executive Council of the Marathwada Agricultural University, Parbhani and the Latur District Planning and Development Committee. Shri Zanwar is currently a Director on the Board of Shree Saibaba Sugars Limited.

Shri Trimbakdas S. Zanwar does not hold any shares of BHEL.

SHRI S. RAVI

Shri S. Ravi, aged 52 years was inducted for the second term as Part-time Non-official Director on the Board of BHEL w.e.f. 10th March, 2011, after completion of his initial tenure on 28th November, 2010. He is a Fellow Member of the Institute of Chartered Accountants of India and holds a Masters Degree in Commerce.

His experience includes holding a number of positions on the Board of Banks, Financial Institutions, Asset Management Company, Company involved in Merchant Banking and Company operating as a primary dealer. As the Promoting and Managing Partner of Ravi Rajan & Co., Chartered Accountants, he supervises the entire gamut of audit and accounting activities of the firm and offers Financial and Management Consultancy in specialized areas comprising of Business Valuations, Brand Valuation, Mergers and Acquisitions, Rehabilitation, Restructuring and Turnaround Strategies. He is also Managing Partner of RRCA & Associates.

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

formed by Reserve Bank of India for preparation of the Draft Government Securities Regulations within the framework of the Government Securities Bill, 2004. Presently, he is Director on the Board of Union Bank of India.

At present, Shri S. Ravi is Director on the Boards of Mahindra Ugin Steel Co. Ltd., IDBI Capital Market Services Ltd., UTI Trustee Company Pvt. Ltd., LIC Housing Finance Ltd., Maharishi Housing Development Finance Corporation Limited, GMR Chennai Outer Ring Road Pvt. Ltd., SME Rating Agency of India Limited, Canbank Venture Capital Fund Ltd and S Ravi Financial Management Services Pvt. Ltd.

He is Chairman of Audit Committees of IDBI Capital Market Services Ltd and LIC Housing Finance Ltd. and Member of Audit Committees of Mahindra Ugin Steel Co. Limited, UTI Trustee Company Pvt. Ltd. and Maharishi Housing Development Finance Corporation Ltd. He is also Member of the Investors' Grievance Committee of Mahindra Ugin Steel Co. Limited and LIC Housing Finance Ltd.

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

FUNCTIONAL DIRECTORS

SHRI ANIL SACHDEV

Shri Anil Sachdev, aged 59 years, was inducted as Director (HR) on the Board of BHEL 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. Shri Sachdev was also responsible for the Turnaround of Central Foundry Forge Plant in a short span of two years which was a major breakthrough. Under his leadership as Executive Director, Heavy Electrical Equipment Plant, Haridwar, recorded an all time high turnover in 2006-07 (an increase of 22% over the previous year). 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. Shri Sachdev has been instrumental in inducting 4000 employees every year, which comprises of 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. Shri Sachdev is also deeply involved in vendor development initiative for large castings and forgings, balance of plant items, turbine blades etc.

Shri Sachdev is currently Chairman of the Board of Raichur Power Corporation Limited.

Shri Sachdev does not hold any shares of BHEL.

SHRI ATUL SARAYA

Shri Atul Saraya, aged 57 years, has been inducted as Director (Power) w.e.f. 1st October, 2009. He is a Graduate in Electrical Engineering from Harcourt Butler Technological Institute, Kanpur and also holds a PG Diploma in Business Management. Shri Saraya joined BHEL Haridwar as an Engineer Trainee in 1976 and has more than 33 years of diversified and versatile professional experience of manufacturing at BHEL's Heavy Electricals Equipment Plant, Haridwar, Business Development at Power Sector-Marketing Division at New Delhi and Project implementation and Construction at Power Sector Eastern Region Construction Division, Kolkata. As Executive Director he held the charge of both Power Sector Marketing and Power Sector Eastern Region concurrently.

Apart from being the full time Director (Power) in BHEL, he is also a Board member of the Joint Venture Company (JVC) of BHEL & Tamil Nadu Electricity Board, BHEL & Karnataka Power Corp. Ltd. and BHEL & Madhya Pradesh Electricity Board; companies formed

for setting up Power Plants at Udangudi in Tamil Nadu, Raichur in Karnataka and at Khandwa in Madhya Pradesh respectively. He is also the board member of NTPC – BHEL Power Projects Private Limited (NBPPL), a BHEL-NTPC JVC.

As Director (Power), he is responsible for spearheading the Power Sector of BHEL, which handles about 75% of the organisation's business. New domestic and increasing foreign competition in the country is the biggest challenge being faced within the sector by the organisation today. Shri Saraya is addressing these issues by successfully formulating strategies for securing not only business for the growth of the organisation but also ensuring timely completion of the Projects in hand leading to enhanced customer satisfaction.

Shri Saraya has also initiated various activities towards Corporate Social Responsibility helping children and other backward communities in their difficult times.

Shri Saraya is holding 200 equity shares of BHEL.

SHRI M K DUBE

Shri M.K. Dube, aged 58 years was inducted as Director (Industrial Systems & Products) w.e.f. 25th June' 2011. He is a Mechanical Engineering Graduate from MACT (now MANIT) Bhopal. He joined BHEL as an Engineer Trainee in 1976. Shri Dube has more than 35 years of diversified and versatile professional experience.

During his earlier tenure at Bhopal in various capacities in Production & Operations Management, he spearheaded technology absorption for Pump Turbines. Shri Dube assumed charge as General Manager Monitoring at Corporate Office BHEL, New Delhi in 2004. Subsequently as GM (Hydro) he was given responsibility of Product Manager (Hydro) in Bhopal. On promotion as Executive Director, he was given charge of Power Sector Technical Services and in Jan 2009, charge of Unit Head BHEL Bhopal was entrusted to him.

During his tenure as General Manager (Corporate Monitoring) he was responsible for completion of physical and financial targets; dovetailing Strategic plans to Operating plans, preparation of budgets in line with operating plans and ensuring accomplishment of

budgeted parameters through regular review & monitoring of operations. He also participated in finalization of MoU of the company.

Subsequently, as GM (Hydro) at Bhopal, Shri Dube looked after concept to delivery of various rating Hydro Turbines which included preparation of offers for Order Booking, Material Planning, Design, Manufacturing, testing of equipment, Cash Collection and providing after Sales services to the valued customers. Shri Dube spearheaded the capability building initiative of establishing the state-of-the-art New CNC Hydro Block for further augmenting the manufacturing capacity of Hydro Turbines and spearheaded development of supplies of large rating Pump Motor sets for lift irrigation schemes to Govt. of A.P.

On his elevation as Executive Director (Power Sector Technical Services) he was responsible for Monitoring of the performance of BHEL- supplied equipment, enabling the processes of Performance Testing and troubleshooting as well as exploring solutions to generic issues in power generating equipment.

In January 2009, Shri Dube took charge of the Bhopal manufacturing plant as Executive Director. Under his stewardship, the Bhopal plant achieved many milestones including the successful manufacture and testing of India's first 1200 kV, 333 MVA Auto Transformer and the development of IGBT based traction convertor for 3 phase drive technology in the EMU segment. Under his leadership, capability building initiatives were taken to enhance total capacity to 30000 MVA for Transformers and to 2250 nos. for Motors. For his contribution to the field of hydro power, Shri Dube was awarded the ENERTIA Award 2010. Shri Dube steered the unit to achieve a turnover of ₹ 4202 Crore during 2010-11 with a PBT of ₹ 696 Crore.

Shri Dube is a Non-Executive Director on the Board of Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited.

Shri Dube holds 20 shares of BHEL.

SHRI P K BAJPAI

Shri P.K. Bajpai, aged 56 years has been inducted as Director (Finance) w.e.f. 1st July 2011. He is a B.Tech (Mech) from IIT, Kanpur, MBA from the University of

Leeds (UK) and AICWA from the Institute of Cost & Works Accountants of India.

Shri Bajpai joined BHEL in the year 1977 and has more than 34 years of versatile experience. He has played a critical role as Head of Finance of Profit Centres comprising entire value chain of the Organization viz, Engineering (Project Engineering and Management), Manufacturing and Erection Commissioning and Services. Shri Bajpai was posted as Head of Finance of BHEL's Manufacturing Unit at Bhopal when the Unit showed loss in 2000-2001 after showing profit continuously since 1972-73. At this critical juncture, he was able to make an immediate turnaround, with Unit showing profit in 2001-2002. During his tenure as Head of Finance of Erection and Commissioning Unit, Power Sector — Northern Region from 1996-2001 there was an all round improvement in Turnover, Value Added and PBT of the Region. As Head of Finance of Project Engineering and Management division, he played critical role in initiating the development of integrated software called PULSE, sizing and specifications of packages for procurement and rationalization and simplification of processes.

As General Manager (Finance) Internal Audit/ Management Improvement Cell, Shri Bajpai introduced Systems Audit. He developed a system on Effectiveness of Internal Audit and Improvements for higher maturity level, effective Coordination with CAG office for 'NIL' comments on Annual Accounts.

Besides heading critical SBUs, Shri Bajpai has also worked in Corporate Financial Services Division looking after Treasury Management, Forex Exposure Management, Receivables Management, Operation Surplus/ Deficit Management, Banking facility — Cash / Non Cash limits. He was also Head of Finance of Power Sector HQs and also dealt with HR, Management Services, IT & HRDD functions. In addition currently he is also working on Risk Management and formation of a new NBFC.

Shri Bajpai is currently a Part-time Director on the Boards of Powerplant Performance Improvement Limited and Latur Power Company Limited.

Shri Bajpai does not hold any shares of BHEL.

ANNEXURE - III TO THE DIRECTORS' REPORT

Corporate Governance

1. Our Philosophy on Corporate Governance

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

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

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

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

The Company believes that conducting business in a manner that complies with the Corporate Governance procedures and Code of Conduct, exemplifies each of

our core values and positions us to deliver long-term returns to our shareholders, favourable outcomes to our customers, attractive opportunities to our employees and making the suppliers our partners in progress & enriching the society.

2. Board of Directors

i. Composition & Category of Directors

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

The Board of Directors has an appropriate mix of Executive Directors represented by Functional Directors including CMD and Non-Executive Directors represented by Government Nominees & Independent Directors, to maintain the independence of the Board and to separate the Board functions of management and control. As the Chairman is an Executive Director, Independent Directors comprise half of the strength of the Board.

The composition of the Board of Directors is as follows:

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

As on 31st March, 2011, there exists one vacancy each for the post of Director (IS&P) and Director (Finance) and two vacancies of Independent Directors on the Board of Directors of the company. The matter of filling up of these vacancies is under consideration of Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India. The actual strength of the Board (12) as on 31st March, 2011 consists of 50% Independent Directors (6). The Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India has entrusted additional charge of the post of Director (IS&P) to Shri B. Prasada Rao, Chairman & Managing Director/ BHEL w.e.f. 1st October, 2009. The additional charge of the post of Director (Finance) was entrusted to Shri B. Prasada Rao, Chairman & Managing Director/ BHEL w.e.f. 10th June, 2010 and subsequently to Shri O.P. Bhutani, Director (E,R&D) w.e.f. 11th March, 2011.

ii. Attendance of each Director at the Board meetings held during 2010-11 and the last AGM

Director's Name S/Shri	No. of Board Meetings		Last AGM (held on 17.09.2010)
	Held	Attended	
EXECUTIVE DIRECTORS			
B. Prasada Rao Chairman & Managing Director and Director (IS&P)	9	9	Yes
C.S. Verma* Director (Finance) (up to 10.06.2010)	3	3	—
Anil Sachdev Director (HR)	9	9	No
Atul Saraya Director (Power)	9	9	Yes
O.P. Bhutani Director (E,R& D) and Director (Finance)	9	9	Yes
PART - TIME OFFICIAL DIRECTORS - GOVT. NOMINEES			
Saurabh Chandra Additional Secretary & Financial Adviser, Ministry of Commerce & Industry	9	8	Yes
Rajiv Bansal Joint Secretary, Department of Heavy Industry (up to 15.03.2011)	8	8	No
Ambuj Sharma* Joint Secretary, Department of Heavy Industry (w.e.f. 15.03.2011)	1	1	—
PART - TIME NON - OFFICIAL (INDEPENDENT) DIRECTORS			
S. Ravi (up to 28.11.2010) (Reappointed w.e.f. 10.03.2011)	8	7	Yes
Ashok Kumar Basu	9	9	Yes
M.A. Pathan	9	7	Yes
Smt. Reva Nayyar	9	8	Yes
Shekhar Datta* (up to 23.04.2010)	2	1	—
V.K. Jairath	9	7	Yes
Trimbakdas S. Zanwar* (w.e.f 12.11.2010)	3	3	—

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

iii. Number of other Boards or Board Committees* in which Director of BHEL is a member or Chairman as on 31st March, 2011

Director's Name S/Shri	Details of Directorships in other Companies	Details of Committee Memberships and Committee Chairmanship
B. Prasada Rao Chairman & Managing Director	Bharat Heavy Plate and Vessels Ltd.	-NIL-
Anil Sachdev Director (HR)	Raichur Power Corporation Ltd.	-NIL-
Atul Saraya Director (Power)	1. NTPC BHEL Power Projects Pvt. Ltd. 2. Udangudi Power Corporation Ltd. 3. Raichur Power Corporation Ltd. 4. Dada Dhuniwale Khandwa Power Ltd.	-NIL-
O.P. Bhutani Director (E,R&D)	Udangudi Power Corporation Ltd.	Audit Committee: Udangudi Power Corporation Ltd. (Chairman)
Saurabh Chandra Part-time Official Director	1. HMT Ltd. 2. Heavy Engineering Corporation Ltd. (HEC) 3. National Textile Corporation Ltd. 4. The Jute Corporation of India Ltd.	-NIL-
Ambuj Sharma Part-time Official Director	1. Bharat Bhari Udyog Nigam Limited 2. Bharat Heavy Plate and Vessels Ltd.	Audit Committee: Bharat Heavy Plate and Vessels Ltd. (Chairman)
Ashok Kumar Basu Part-time Non-official Director	1. Visa Comtrade Ltd. 2. Tata Metaliks Ltd. 3. Usha Martin Ltd. 4. JSW Bengal Steel Ltd. 5. The Tinplate Co. of India Ltd. 6. Visa Power Ltd. 7. West Bengal Power Dev. Corporation Ltd. 8. The Tata Power Co. Ltd. 9. Carter Engineering Pvt. Ltd.	Audit Committee: 1. The Tinplate Co. of India Ltd. (Member) 2. Visa Power Ltd. (Member) 3. West Bengal Power Dev. Corpn. Ltd. (Member) 4. JSW Bengal Steel Ltd. (Member) Shareholders' / Investors' Grievance Committee : 1. Tata Metaliks Ltd. (Member) 2. The Tinplate Co. of India Ltd. (Member)

M. A. Pathan Part-time Non-official Director	1. Tata Petrodyne Ltd. 2. IOT Engineering & Projects Ltd. 3. Cochin Shipyard Ltd. 4. Nagarjuna Oil Corporation Ltd.	Audit Committee: Tata Petrodyne Ltd. (Member)
Smt. Reva Nayyar Part-time Non-official Director	Essel Social Welfare Foundation	-NIL-
V.K. Jairath Part-time Non-official Director	1. Tata Motors Ltd. 2. Avantha Power & Infrastructure Ltd.	Audit Committee: 1. Tata Motors Ltd. (Member) 2. Avantha Power & Infrastructure Ltd. (Member)
		Shareholders'/Investors' Grievance Committee : 1. Tata Motors Ltd.(Member) 2. Avantha Power & Infrastructure Ltd. (Chairman)
Trimbakdas S. Zanwar Part-time Non-official Director	Shree Saibaba Sugars Ltd.	-NIL-
S. Ravi Part-time Non-official Director	1. Mahindra Ugin Steel Co. Ltd. 2. IDBI Capital Markets Services Ltd. 3. UTI Trustee Company Pvt. Ltd. 4. LIC Housing Finance Ltd. 5. Maharishi Housing Development Finance Corporation Ltd. 6. GMR Chennai Outer Ring Road Pvt. Ltd. 7. SME Rating Agency of India Ltd. 8. Canbank Venture Capital Fund Ltd. 9. S. Ravi Financial Management Services Pvt. Ltd. 10. Union Bank of India	Audit Committee: 1. Mahindra Ugin Steel Co. Ltd. (Member) 2. IDBI Capital Markets Services Ltd. (Chairman) 3. UTI Trustee Company Pvt. Ltd. (Member) 4. LIC Housing Finance Ltd. (Chairman) 5. Maharishi Housing Development Finance Corporation Ltd. (Member)
		Shareholders'/Investors' Grievance Committee : 1. Mahindra Ugin Steel Co. Ltd. (Member) 2. LIC Housing Finance Ltd. (Member)

*Only Chairmanship/Membership of the Audit Committee and Shareholders'/Investors' Grievance Committee has been considered.

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

iv. No. of Board Meetings held, dates on which held

The meetings of the Board are normally held at the Company's Registered Office in New Delhi and are scheduled well in advance. The Company Secretary in consultation with the Chairman and Managing Director, sends a written notice of each Board meeting to each Director. The Board agenda is circulated to the Directors in advance.

The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter in agenda for discussion. In case of need, the senior management is invited to attend the Board Meetings to provide additional inputs relating to the items being discussed and / or to give presentation to the Board. The Board meets 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 nine times on the following dates:

(i) April 1, 2010	(ii) April 23, 2010
(iii) May 26, 2010	(iv) July 1, 2010
(v) July 23, 2010	(vi) October 29, 2010
(vii) November 25, 2010	(viii) January 21, 2011
(ix) March 15, 2011	

v. Board's Responsibilities

The Board's mandate is to oversee the Company's strategic direction, review and monitor corporate performance, ensure regulatory compliance and safeguard the interests of the shareholders.

vi. Role of Independent Directors

The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of engineering, finance, management, law and public policy.

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

Project Review Committee, Mergers & Acquisitions Committee, Remuneration Committee on PRP, HR Committee and CSR 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. Further, in line with the requirements of DPE Guidelines on Corporate Governance for CPSEs, the company has constituted a Remuneration Committee on Performance Related Pay headed by an Independent Director. Consequent upon the adoption of the DPE Guidelines on Corporate Social Responsibility for CPSEs as CSR Policy, the Board constituted the Board Level Apex Committee for Corporate Social Responsibility for proper and periodic monitoring of CSR activities. 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 companies.
- Statement of all significant transactions and arrangements entered into by unlisted subsidiary companies.
- 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 matters desired by the Board.
- 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 shareholders' grievances on quarterly basis.
- Information/status in respect of Power & Industry Sectors and International Operations Division on quarterly basis.
- Significant Capital Investment proposals.
- Changes in significant accounting policies and practices and reasons for the same.
- Detailed presentation on performance of various units/functions.
- Any other information required to be presented to the Board either for information or approval.

viii. Selection of New Directors

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

The Independent Directors are selected by the

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

ix. Membership term & Retirement policy

The appointment of Chairman & Managing Director and 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 viz. Additional Secretary/Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises and Additional Secretary & Financial Advisor, Ministry of Commerce and Industry are nominated by the Government of India on the Board of BHEL. They continue to be on the Board of BHEL at the discretion of the Government of India.

The tenure of Part-time Non-official (Independent) Directors is decided by the Department of Heavy Industry. Normally, an Independent Director is appointed for a period of three years. All such appointees are liable to retire by rotation in terms of the provisions of the Articles of Association of BHEL.

x. Code of Conduct

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

The Code encompasses:

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

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

xi. Charter of the Board of Directors

For the purpose of clearly defining the roles and

responsibilities of the Board and individual Directors, the Board has laid down a Charter of the Board of Directors. The Charter also articulates our corporate governance objectives and approach.

xii . CEO/CFO certification

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

3. Audit Committee

i. Brief description of terms of reference:

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. (i) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - (ii) To ensure compliance of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 10.(i) Discussion with Statutory Auditors / Internal Auditors periodically about internal control systems.
 - (ii) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern including observations of the Auditors.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. To review the Audit paras referred to BLAC by the Internal Audit / Board and / or Govt. of India and to provide its suggestions / guidance / comments on the issues referred to it.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

ii. Composition of Committee, name of members & Chairman and Attendance :

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

The Audit Committee was last reconstituted on 15th March, 2011. The Committee comprises of the following directors:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
M.A. Pathan (Part-time Non - official Director)	Chairman (w.e.f. 21.01.2011)	9	8
S. Ravi (Part-time Non-official Director)	Chairman (up to 28.11.2010)	7	7
	Member (w.e.f. 15.03.2011)	—	—
Smt. Reva Nayyar (Part-time Non-official Director)	Member	9	9
Saurabh Chandra (Part-time official Director)	Member (w.e.f. 23.07.2010)	5	2

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

meetings as invitees.

iii. Meetings of Audit Committee during 2010-11 :

The Audit Committee met nine times on 1st April, 2010, 26th May, 2010, 16th July, 2010, 23rd July, 2010, 19th October, 2010, 29th October, 2010, 25th November, 2010, 21st January, 2011 and 15th March, 2011 during the year 2010-11.

4. Remuneration Committee

i. Remuneration policy

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

ii. Terms of reference

- a. Oversight of the company's policy on specific remuneration packages, perquisites for Whole-time Directors including pension rights and any compensation payment, which are not fixed by the President of India.
- b. Approve certain perquisites for whole-time directors which are within the powers of Board. Review of the elements of remuneration package of individual directors summarized under major groups, such as incentives / benefits, bonus, stock options, pension etc.
- c. Finalization of policies on perks and benefits and other related matters which are not fixed by the President of India but within the powers of Board.

- d. Approval of fixed component and performance linked incentives based on the performance criteria.
- e. Finalization of the criteria of making payments to Non Executive Directors.
- f. Recommendation of fees / compensation / stock options, if any, to be paid / granted, to non-executive directors, including independent directors, to the Board of Directors / Shareholders.
- g. Carrying out any other function related to the terms of reference of the Remuneration Committee.

iii. Composition, names of members & Chairman

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

Remuneration Committee are as under:

Name of the Director S/Shri	Position
Ashok Kumar Basu (Part-time Non-official Director)	Chairman
Smt. Reva Nayyar (Part-time Non-official Director)	Member
S. Ravi (Part-time Non-official Director) (up to 28.11.2010)	Member
Director (Finance)	Member
Director (HR)	Member

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

iv. Meetings and Attendance

No meeting of the Remuneration Committee took place during the year.

v. Details of remuneration of Functional Directors during the year 2010-11 are given below:-

(in ₹)

Sl. No.	Name of the Director S/Shri	Salary	Benefits	Arrears, if any	Performance Linked Incentives	Total	Service Contract/ Notice Period Severance Fee
1.	B. Prasada Rao	1960710	1023908	0	2568229	5552847	—
2.	C.S.Verma	294750	299573	0	2376602	2970925	Relieved on 10.06.2010
3.	Anil Sachdev	1679126	891512	0	2231407	4802045	Liable to retire by rotation
4.	Atul Saraya	1578422	738996	0	1292642	3610060	Liable to retire by rotation
5.	O.P. Bhutani	1562472	688464	0	1105331	3356267	Liable to retire by rotation

vi. Details of payments made to Independent Directors during the year 2010-11 are given below:-

(in ₹)

Name of the Independent Directors S/Shri	Sitting Fees		Total
	Board Meeting	Committee Meeting	
S. Ravi	1,40,000/-	1,50,000/-	2,90,000/-
Ashok Kumar Basu	1,80,000/-	45,000/-	2,25,000/-
M.A. Pathan	1,40,000/-	1,95,000/-	3,35,000/-
Smt. Reva Nayyar	1,60,000/-	2,55,000/-	4,15,000/-
Shekhar Datta	20,000/-	0	20,000/-
V.K. Jairath	1,40,000/-	60,000/-	2,00,000/-
Trimbakdas S. Zanwar	60,000/-	15,000/-	75,000/-

Independent Directors were entitled for sitting fee @ ₹ 20,000/- per Board Meeting and ₹15,000/- per Board Level Committee Meeting attended by them.

vii. Equity Shares held by Directors

Except as stated hereunder, none of the Directors, hold any Equity Shares in BHEL (as on 31st March, 2011):

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

The Company has not issued any stock options during the year 2010-11.

5. Shareholders' Committees

5.1 Share Transfer Committee

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

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

Meetings during 2010-11

The Share Transfer Committee met 23 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)

i. Terms of Reference

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

ii. Composition of Committee, names of members & Chairperson and Attendance

The Shareholders'/Investors' Grievance Committee was last reconstituted on 22nd July, 2009. The Committee comprises of the following directors:

Name of the Director	Position	No. of Meetings held during their tenure	No. of Meetings attended
Smt. Reva Nayyar (Part-time Non-official Director)	Chairperson	4	4
Director (Finance)	Member	4	4
Director (HR)	Member	4	4

Company Secretary shall act as its Secretary. He is the Compliance Officer in terms of Clause 47 of the Listing Agreement with the Stock Exchanges.

iii. Meetings during 2010-11

The Committee met four times on 23rd April, 2010, 20th July, 2010, 25th November, 2010 and 15th March, 2011 during the year under review. The details of the attendance of each member is given in the above table.

Detail of shareholders' complaints

As reported by Karvy Computershare Private Limited (RTA) to SEBI, 811 complaints were received from the shareholders during the year under review and all complaints were redressed up to 31st March, 2011. 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 & Chairperson and Attendance

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

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Smt. Reva Nayyar (Part-time Non-official Director)	Chairperson	1	1
Rajiv Bansal (Part-time Official Director) (up to 15.03.2011)	Member	1	—
M.A. Pathan (Part-time Non-official Director)	Member	1	1
Director (Finance)	Member	1	1
Director (HR)	Member	1	1
Company Secretary shall act as its Secretary.			

Meetings during 2010-11

The HR Committee met once on 14th March, 2011 during the year 2010-11.

7. Committee on Mergers & Acquisitions

i. Terms of Reference

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.

ii. Composition, names of members and Chairman

The M&A Committee was last reconstituted on 26th March, 2011. The Committee comprises of the following directors:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Ambuj Sharma (Part-time Official Director)	Chairman (w.e.f. 26.03.2011)	—	—
Rajiv Bansal (Part-time Official Director) (up to 15.03.2011)	Chairman	2	2
S. Ravi (Part-time Non-official Director)	Member (up to 28.11.2010 and w.e.f. 26.03.2011)	1	1
V.K. Jairath (Part-time Non-official Director)	Member (w.e.f. 23.07.2010)	1	—
Director (IS & P)	Member	2	2
Director (Finance)	Member	2	2
Director (Power)	Member	2	2
Director (E,R &D)	Member	2	2

Head of M&A Dept. shall be the permanent invitee and the Company Secretary shall provide secretarial support to the Committee.

iii. Meetings and Attendance

The Committee met two times on 31st May, 2010 and 21st February, 2011 during the year under review. The details of the attendance of each member are given in the above table.

8. Project Review Committee

i. Terms of Reference

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 ₹ 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.

ii. Composition, names of members and Chairman

The Committee was last reconstituted 23rd July, 2010. The Committee comprises of the following directors:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
M.A. Pathan (Part-time Non-official Director)	Chairman	4	4
Ashok Kumar Basu (Part-time Non-official Director)	Member	4	3
V.K. Jairath (Part-time Non-official Director)	Member (w.e.f. 23.07.2010)	3	3
Director (IS&P)	Member	4	
Director(Power)	Member	4	4

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

iii. Meetings and Attendance

The Committee met four times on 25th May, 2010, 17th September, 2010, 7th December, 2010 and 14th March, 2011 during the year under review. The detail of the attendance of each member is given in the above table.

9. Remuneration Committee on Performance Related Pay

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

i. Composition, names of members and Chairperson & Attendance

The details of the names of members and Chairperson of the Remuneration Committee on Performance Related Pay are as under:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Smt. Reva Nayyar (Part-time Non-official Director)	Chairperson	2	2
S. Ravi (Part-time Non-official Director) (up to 28.11.2010)	Member	2	2
V.K. Jairath (Part-time Non-official Director)	Member (w.e.f. 23.07.2010)	1	—
Director (Finance)	Member (up to 23.07.2010)	1	1
Director(HR)	Member (up to 23.07.2010)	1	1

The Board reconstituted the Committee on 23rd July, 2010. Pursuant to reconstitution of the Committee, Director (HR) shall be the permanent invitee to the Committee.

ii. Meetings and Attendance

The Committee met two times during the year on 20th July, 2010 and 28th October, 2010. The detail of the attendance of each member is given in the above table.

10. Board Level Apex Committee for Corporate Social Responsibility

In line with DPE Guidelines on Corporate Social Responsibility for CPSEs, the Board constituted the Board Level Apex Committee for CSR on 25th November, 2010 for proper & periodic monitoring of CSR activities.

Meetings, Attendance, Composition, names of members and Chairperson

The Committee met once during the year on 14th March, 2011. The details of the names of members, Chairperson of Board Level Apex Committee for CSR and attendance of each member are as under:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
Smt. Reva Nayyar (Part-time Non-official Director)	Chairperson	1	1
S. Ravi (Part-time Non-official Director) (up to 28.11.2010)	Member	—	—
V.K. Jairath (Part-time Non-official Director)	Member	1	1
Trimbakdas S. Zanwar (Part-time Non-official Director)	Member	1	1
Director (HR)	Member	1	1
Director (Finance)	Member	1	1

ED(HR & CC)/GM I/c (HSE & CSR) shall be the permanent invitee. Company Secretary of the Company shall act as Secretary to the Committee.

11. General Meetings

i. Location and time of last three AGMs:

Year	Location	Date	Time
FY 2007- 08 (44th AGM)	FICCI Auditorium, Barakhamba Road (Tansen Marg) New Delhi-110 001	17 th September, 2008	10.00 a.m.
FY 2008- 09(45th AGM)	-do-	17 th September, 2009	10.00 a.m.
FY 2009-10(46th AGM)	-do-	17 th September, 2010	10.00 a.m.

ii. Details of Special resolutions passed in previous three AGMs

No special resolutions were passed in the previous three AGMs

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.

12. 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. 23 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 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 the requirements of DPE Guidelines on Corporate Governance and compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49

The requirements of the DPE Guidelines on Corporate Governance for CPSEs have been duly complied with by the company. Further, all mandatory requirements as indicated in Clause 49 of the Listing Agreement have also been duly complied with by the company. Details of the same have been given in appropriate places in this report.

In addition to compliance with mandatory requirements, BHEL has also been following some of the non-mandatory requirements as given in Clause 49. The Company has already set up a Remuneration Committee to approve specific aspects of the remuneration of directors. The company is already in the regime of unqualified financial statements. Other non-mandatory requirements would be gradually complied with on need basis by the company.

No Expenditure has been debited in books of account, which is not for the purpose of the business and no expenses incurred and accounted which are personal in nature and incurred for the Board of Directors and Top Management.

v. Presidential Directives

The Company had received a directive pursuant to Article 116 of the Articles of Association of BHEL, from the President of India on 30.04.2009, regarding revision of scales of pay in respect of executives and non-unionized supervisors. The same has been implemented.

vi. Risk Management

The Board has reviewed the framework of risk assessment and minimisation procedures and suggested appointment of a consultant. The consultant has since been appointed and implementation of risk assessment & minimisation procedures and risk mitigation tools across BHEL is under process.

vii. Auditor's certificate on Corporate Governance

Auditor's certificate on Corporate Governance is enclosed.

13. 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 either in the Economic Times or Financial Express (English) and Navbharat Times (Hindi) and also displayed on the company's website www.bhel.com within 48 hours of the conclusion of the said meeting. Further, as required by Clause 52 of the Listing Agreement, the aforesaid information up to 31.03.2011 is also posted on CFDS (Corporate Filing and Dissemination System) website "www.corpfiling.co.in" where they are freely accessible by any person.

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

In compliance with Clause 54 of the Listing Agreement, the company's website also contains additional updated information like shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company responsible for assisting and handling investor grievances etc.

14. General Shareholder Information

i. AGM (Date, Time and Venue)

	<u>Date</u>	<u>Time</u>	<u>Venue</u>
	20 th September, 2011	10.00 AM	Talkatora Indoor Stadium, Talkatora Garden, New Delhi-110001
ii. Financial year	—		1 st April, 2010 to 31 st March, 2011
iii. Dates of Book Closure	—		12 th August, 2011 to 19 th August, 2011 (Both days inclusive)
iv. Dividend payment date	—		On or before 19 th October, 2011

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 31.03.2011 are summarized as under:

Year	Rate of Dividend	No. of Shares	Total Amount of Dividend Paid (₹)	Date on which Dividend was declared	Unclaimed Dividend as on 31.03.2011 (₹)
2001-2002	40%	244,760,000	979,040,000	30.09.2002	Already transferred to Investor Education & Protection Fund
2002-2003	40%	244,760,000	979,040,000	30.09.2003	Already transferred to Investor Education & Protection Fund
2003-2004 (Interim)	30%	244,760,000	734,280,000	01.03.2004*	243897#
2003-2004 (Final)	30%	244,760,000	734,280,000	28.09.2004	217203
2004-2005 (Interim)	35%	244,760,000	856,662,089	10.12.2004*	265240
2004-2005 (Final)	45%	244,760,000	1,101,423,062	29.09.2005	330497
2005- 2006 (Interim)	40%	244,760,000	979,040,000	07.12.2005*	263472
2005- 2006 (Spl. Interim)	85%	244,760,000	2,080,460,000	07.03.2006*	512720
2005-2006 (Final)	20%	244,760,000	489,520,000	15.09.2006	158958
2006-2007 (Interim)	125%	244,760,000	3,059,513,890	25.01.2007*	852828
2006-2007 (Final)	60%	489,520,000	2,937,120,000	17.09.2007	991914
2007-2008 (Interim)	90%	489,520,000	4,405,680,000	25.01.2008*	1647981
2007-2008 (Final)	62.50%	489,520,000	3,059,541,073	17.09.2008	1723822
2008-2009 (Interim)	90%	489,520,000	4,405,680,000	29.01.2009*	2462157
2008-2009 (Final)	80%	489,520,000	3,916,160,000	17.09.2009	1594888
2009-2010 (Interim)	110%	489,520,000	5,384,720,000	21.01.2010*	2776092
2009-2010 (Final)	123%	489,520,000	6,021,119,004	17.09.2010	2906833
2010-2011 (Interim)	132.5%	489,520,000	6,486,174,770	15.03.2011*	20437387

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

proposed to be transferred to Investor Education and Protection Fund (IEPF) on 26.10.2011.

vi Listing on Stock Exchanges and Stock Code

BHEL's shares are listed on the following Stock Exchanges for which listing fees for 2010-11 has been paid:

Name of the Stock Exchange	Stock Code
1. Bombay Stock Exchange Limited Phiroze Jeejeebhoy, Dalal Street, Mumbai - 400 001	500103
2. National Stock Exchange of India Limited “Exchange Plaza” Plot no. 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 (CSE) as far back as on 3rd November 2004. Communication regarding delisting from CSE is still awaited, however, “BHEL” Scrip has not been shown in the list of securities listed on the CSE.

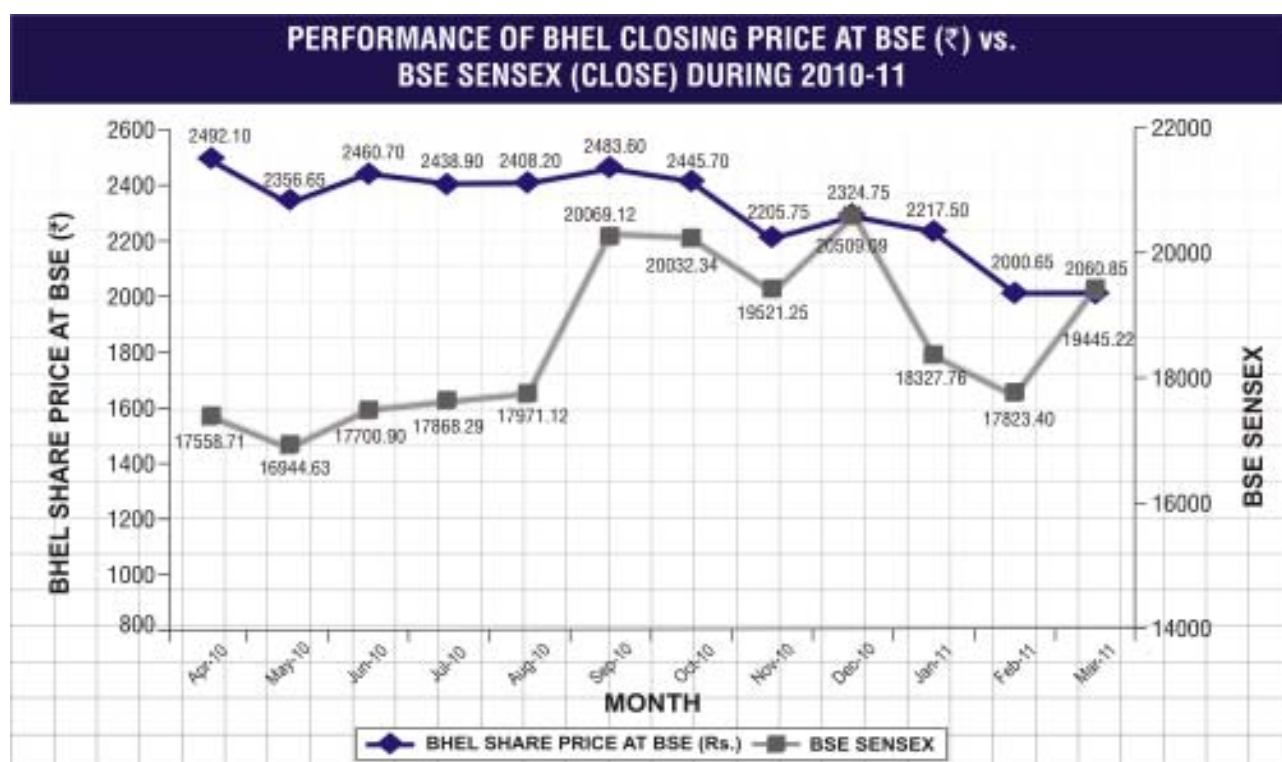
viii. Market Price Data & performance in comparison to broad-based indices such as BSE Sensex, BSE PSU Index and S&P CNX Nifty Index are as under:-

BHEL Vs. BSE Sensex

High, Low and Closing market price of BHEL shares on the **Bombay Stock Exchange Ltd. (BSE)** vis-à-vis **BSE Sensex**, No. of shares traded and Net turnover, during each month in last financial year ended March 31, 2011 are summarized as under:

Month	BHEL Share Prices at BSE (₹)			BSE Sensex			No. of shares traded	Net turnover (₹ in Lacs.)
	High	Low	Close	High	Low	Close		
Apr-10	2,585.00	2,382.30	2,492.10	18,047.86	17,276.80	17,558.71	1,397,668	34,900.00
May-10	2,492.50	2,231.55	2,356.65	17,536.86	15,960.15	16,944.63	1,702,788	39,926.67
Jun-10	2,484.00	2,251.00	2,460.70	17,919.62	16,318.39	17,700.90	1,317,550	31,310.62
Jul-10	2,495.00	2,352.00	2,438.90	18,237.56	17,395.58	17,868.29	1,079,266	26,179.49
Aug-10	2,546.80	2,400.00	2,408.20	18,475.27	17,819.99	17,971.12	895,098	22,300.71
Sep-10	2,523.50	2,382.00	2,483.60	20,267.98	18,027.12	20,069.12	1,020,122	25,143.84
Oct-10	2,695.00	2,433.00	2,445.70	20,854.55	19,768.96	20,032.34	1,845,559	47,315.37
Nov-10	2,551.00	2,060.00	2,205.75	21,108.64	18,954.82	19,521.25	1,433,929	33,261.20
Dec-10	2,379.00	2,153.90	2,324.75	20,552.03	19,074.57	20,509.09	1,142,854	26,016.82
Jan-11	2,352.00	2,118.00	2,217.50	20,664.80	18,038.48	18,327.76	1,584,162	35,311.58
Feb-11	2,294.70	1,960.00	2,000.65	18,690.97	17,295.62	17,823.40	1,822,350	38,277.43
Mar-11	2,150.00	1,905.00	2,060.85	19,575.16	17,792.17	19,445.22	2,016,970	40,559.78

Source: www.bseindia.com



BHEL Vs. BSE PSU Index

High, Low and closing market price of BHEL shares on the **Bombay Stock Exchange Limited (BSE)** vis-à-vis **BSE PSU Index**, during each month in last financial year ended March 31, 2011 are summarized as under:

Month	BHEL Share Prices at BSE (₹)			BSE PSU Index		
	High	Low	Close	High	Low	Close
Apr-10	2,585.00	2,382.30	2,492.10	9,288.02	8,761.12	9,113.05
May-10	2,492.50	2,231.55	2,356.65	9,147.48	8,578.42	9,133.94
Jun-10	2,484.00	2,251.00	2,460.70	9,557.80	8,896.07	9,508.65
Jul-10	2,495.00	2,352.00	2,438.90	9,677.44	9,360.86	9,576.60
Aug-10	2,546.80	2,400.00	2,408.20	9,858.39	9,470.55	9,641.33
Sep-10	2,523.50	2,382.00	2,483.60	10,473.17	9,672.72	10,279.56
Oct-10	2,695.00	2,433.00	2,445.70	10,708.33	10,070.63	10,139.97
Nov-10	2,551.00	2,060.00	2,205.75	10,611.38	8,821.00	9,291.00
Dec-10	2,379.00	2,153.90	2,324.75	9,783.60	9,025.08	9,460.63
Jan-11	2,352.00	2,118.00	2,217.50	9,562.52	8,530.89	8,706.08
Feb-11	2,294.70	1,960.00	2,000.65	8,849.30	8,132.15	8,380.61
Mar-11	2,150.00	1,905.00	2,060.85	9,001.52	8,389.39	8,960.08

Source: www.bseindia.com

PERFORMANCE OF BHEL CLOSING PRICE AT BSE (₹) vs. BSE PSU INDEX (CLOSE) DURING 2010-11



BHEL Vs. S&P CNX Nifty

High, Low and Closing market price of BHEL shares on the **National Stock Exchange of India Limited (NSE)** vis-à-vis **S&P CNX Nifty**, No. of shares traded and Net turnover, during each month in last financial year ended March 31, 2011 are summarized as under:

Month	BHEL Share Prices at NSE (₹)			NSE Nifty			No. of shares traded	Net turnover (₹ in Lacs.)
	High	Low	Close	High	Low	Close		
Apr-10	2,585.00	2,380.00	2,492.25	5,399.65	5,160.90	5,278.00	10,121,507	252,829.63
May-10	2,494.05	2,230.55	2,353.40	5,278.70	4,786.45	5,086.30	11,375,333	265,708.48
Jun-10	2,487.00	2,247.05	2,459.70	5,366.75	4,961.05	5,312.50	11,033,058	262,555.82
Jul-10	2,520.00	2,350.00	2,437.90	5,477.50	5,225.60	5,367.60	9,924,774	241,087.90
Aug-10	2,545.00	2,392.95	2,406.60	5,549.80	5,348.90	5,402.40	8,764,254	217,718.69
Sep-10	2,525.40	2,376.00	2,478.50	6,073.50	5,403.05	6,029.95	12,089,142	297,923.77
Oct-10	2,694.00	2,432.00	2,445.55	6,284.10	5,937.10	6,017.70	14,163,990	361,994.87
Nov-10	2,554.00	2,055.00	2,204.00	6,338.50	5,690.35	5,862.70	13,872,656	321,121.15
Dec-10	2,364.85	2,155.60	2,323.70	6,147.30	5,721.15	6,134.50	9,437,660	214,534.40
Jan-11	2,353.40	2,116.55	2,218.55	6,181.05	5,416.65	5,505.90	12,915,959	288,301.68
Feb-11	2,238.00	1,961.00	2,001.10	5,599.25	5,177.70	5,333.25	13,053,467	272,940.12
Mar-11	2,149.95	1,901.00	2,062.65	5,872.00	5,348.20	5,787.65	19,244,388	389,875.96

Source: www.nseindia.com

PERFORMANCE OF BHEL CLOSING SHARE PRICE - NSE (₹) vs. S&P CNX NIFTY (CLOSE) DURING 2010-11



ix. Policy on Insider Trading

BHEL endeavors to preserve the confidentiality of unpublished price sensitive information and to prevent misuse of such information. For this purpose and in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company had adopted "Code of Conduct for Prevention of Insider Trading" on 26th August, 2002.

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

x. Registrar & Share Transfer Agent (RTA)

M/s. Karvy Computershare Private Ltd.

Delhi Address

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

Hyderabad Address

UNIT: **BHEL**
17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500 081
Tel.: 040-44655000
Fax : 040-44655024
Email: madhusudhan@karvy.com
einward.ris@karvy.com
Website : www.karvycomputershare.com

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

xi. Share Transfer System

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

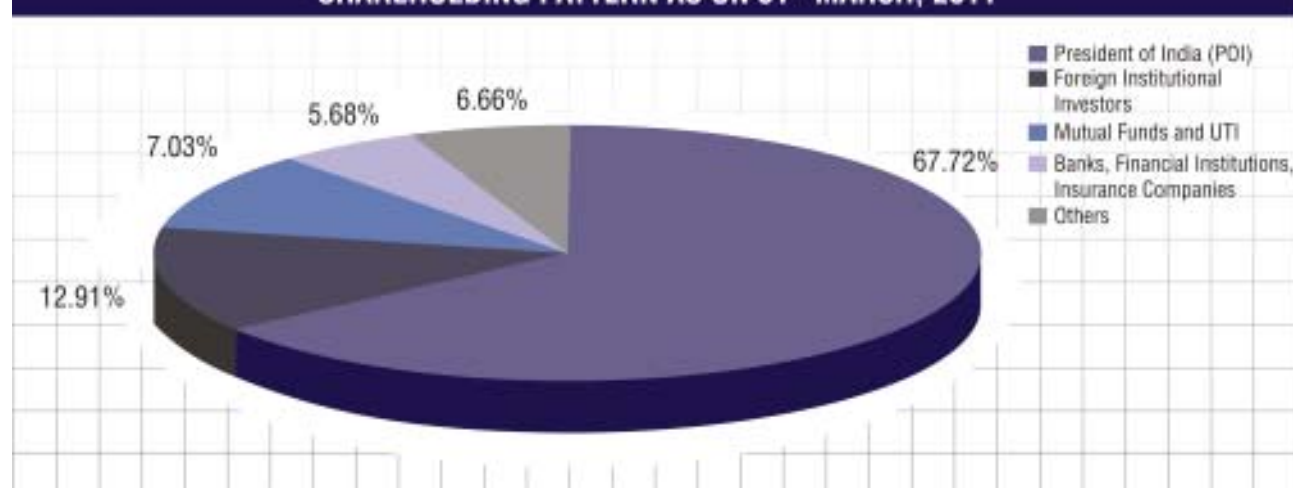
xii. Distribution of Shareholding

(i) Distribution of shares according to size of holding as on 31st March 2011

No. of equity share held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholders
1 - 500	229291	98.68%	7,629,444	1.56%
501 - 1000	1398	0.60%	1,056,912	0.22%
1001 - 2000	565	0.24%	844,988	0.17%
2001 - 3000	172	0.07%	435,671	0.09%
3001 - 4000	87	0.04%	310,785	0.06%
4001 - 5000	69	0.03%	319,405	0.07%
5001 - 10000	158	0.07%	1,130,907	0.23%
10001 AND ABOVE	607	0.26%	477,791,888	97.60%
	232347	100%	489,520,000	100%

(ii) Shareholding Pattern as on 31st March 2011

Category	2011		2010	
	Voting strength (%)	No. of shares held	Voting strength (%)	No. of shares held
Promoters Holding				
Indian Promoters-				
- President of India (POI)	67.72	331,510,000	67.72	331,510,000
- Nominees of POI	0.00	400	0.00	400
Total Promoter holding	67.72	331,510,400	67.72	331,510,400
Non-promoters Holding				
Institutional Investors				
Mutual Funds and UTI	7.03	34,415,090	6.84	33,484,614
Banks, Financial Institutions, Insurance Companies	5.68	27,806,836	4.21	20,618,943
Foreign Institutional Investors	12.91	63,170,722	15.21	74,435,163
Others				
Directors & Relatives	0.00	600	0.00	600
Private Corporate Bodies	4.49	21,980,537	4.13	20,204,090
Indian Public	1.87	9,152,130	1.68	8,250,713
Foreign Nationals	0.00	8	0.00	0
NRIs/OCBs	0.13	639,450	0.11	526,431
Trust	0.03	149,967	0.02	88,785
Shares in Transit (NSDL/CDSL)	0.14	694,260	0.08	400,261
Total Non-promoter holding	32.28	158,009,600	32.28	158,009,600
Grand Total	100.00	489,520,000	100.00	489,520,000

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2011

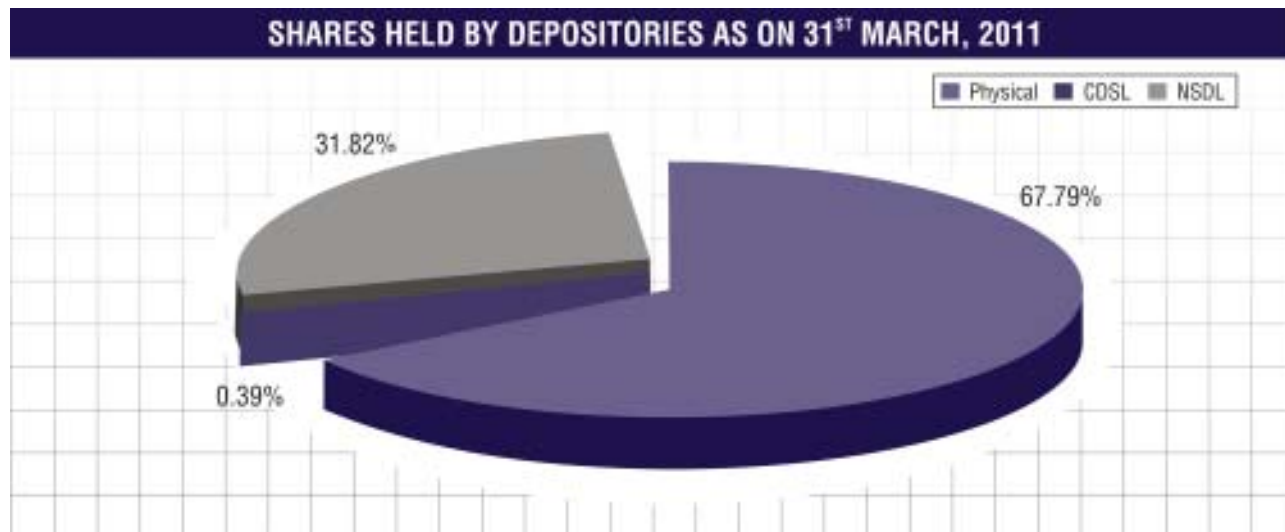
(iii) List of shareholders who are holding more than 1% of the shares of the Company as on 31st March, 2011.

Category & Shareholder's Name	2011	
	Voting strength (%)	No. of shares held
Promoters		
1. President of India (POI) along with Nominees	67.72	331,510,400
Non-promoters		
1. Life Insurance Corporation of India	4.42	21,613,684
2. ICICI Prudential Life Insurance Co. Ltd.	1.39	6,797,759
3. Lazard Asset Management LLC A/c Lazard Emerging Market	1.03	5,017,779

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, 2011, 32.21% of the total equity share capital of BHEL has been dematerialised by the shareholders and held in the name of the NSDL / CDSL. International Securities Identification Number (ISIN) allotted to Company is INE257A01018.

SHARES HELD BY DEPOSITORIES AS ON 31st MARCH, 2011



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

Nil

xv. Plant locations

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

xvi. Address for correspondence

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

Shri I P Singh
Company Secretary
BHEL

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

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

OR

KARVY COMPUTERSHARE PVT. LTD.
UNIT: BHEL

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

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

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

Phone : 040-44655000
Fax : 040-44655024
Email: madhusudhan@karvy.com
einward.ris@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 2010-11.

For and on behalf of the Board of Directors of

BHARAT HEAVY ELECTRICALS LTD.



B. Prasada Rao

Chairman & Managing Director

Place : New Delhi

Dated : July 26, 2011

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, 2011 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 2010-11 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 2010-11;
 - (ii) significant changes in accounting policies during the year 2010-11 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.



(O.P. Bhutani)

Director (E,R&D and Finance)



(B. Prasada Rao)

Chairman & Managing Director

Place: New Delhi

Date: May 23, 2011

Auditors' Certificate on Corporate Governance (As stipulated in Clause 49 of the Listing Agreement)

The Members
Bharat Heavy Electricals Ltd.
"BHEL House", Siri Fort,
New Delhi

We have examined the compliance of conditions of Corporate Governance by Bharat Heavy Electricals Ltd. for the year ended on March 2011 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, we certify that the company has complied with all the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement as on March 31, 2011. With respect to Clause 49(1)(A) of Listing Agreement regarding number of independent directors, the compliance has been ensured with the appointment of independent director on March 10, 2011.

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
Gandhi Minocha & Company
Chartered Accountants
FRN 000458N

A handwritten signature in black ink, appearing to read 'Manoj Bhardwaj', is placed above the printed name.

(Manoj Bhardwaj)
Partner
M. No. 98606

Place: New Delhi
Dated: July 26, 2011

Auditors' Certificate on Corporate Governance (As stipulated in DPE Guidelines on Corporate Governance for CPSEs)

The Members

Bharat Heavy Electricals Ltd.

"BHEL House", Siri Fort,

New Delhi

We have examined the compliance of conditions of Corporate Governance by Bharat Heavy Electricals Ltd. for the year ended on March 2011 as stipulated in the Department of Public Enterprises (DPE) Guidelines on Corporate Governance (issued in May, 2010) for Central Public Sector Enterprises (CPSEs) and Annexes thereof.

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, we certify that the company has complied with all the conditions of Corporate Governance as stipulated in the above mentioned DPE Guidelines on Corporate Governance as on March 31, 2011. With respect to Clause 3.1.4 of the guidelines regarding number of independent directors, the compliance has been ensured with the appointment of independent director on March 10, 2011.

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
Gandhi Minocha & Company
Chartered Accountants
FRN 000458N



(Manoj Bhardwaj)
Partner
M. No. 98606

Place: New Delhi

Dated: July 26, 2011

ANNEXURE – IV TO THE DIRECTORS' REPORT

Conservation of Energy

Energy Management is an important thrust area in BHEL. Energy Cost as a percentage of Gross Turnover, net of excise, for the financial year 2010-11 was 0.92% as against 0.99% in the previous year.

Following main activities were performed during the financial year:

- “Tips on ENCON (Energy Conservation) in English” were published in Pratibimb (Newsletter of Corporate Office). “Tips on ENCON in Hindi” were published in Arunima (Rajbhasha Patrika of Corporate Office). These tips (Hindi & English) were hosted on Corporate Energy Management website and also on Energy Management website of unit's for awareness generation of employees.
- National Energy Conservation Day is celebrated every year in India. The week (14-21 December, 2010) was celebrated across the company and ENCON activities were organized for awareness generation of employees.
- Incandescent lamp/ bulbs were replaced with energy efficient lamps.
- Computers (PC/ Laptop) were set up for energy saving mode to reduce energy consumption.
- Energy Audit was conducted at HEEP-Haridwar, CFFP-Haridwar, EDN-Bangalore, HERP-Varanasi and SSTP-Tiruchy. Unit-wise following OFIs (Opportunities for Improvements) have been implemented:

HEEP-Hardwar:

- Fixed Mode reactive compensation (in form of HT Capacitor Banks on both 11KV incomers) was incorporated to improve power factor.
- Compressor No. 3 being operated at recommended operating pressure.
- Leakage points found large in number in Block-1 and Block-3 were being monitored regularly for the leakages and the leakage points plugged.

CFFP-Hardwar: Energy Efficient Lights installed in place of Conventional Lights.

HERP-Varanasi: Existing 36W Tube replaced with 28W T-5 Tube having electronic choke.

EDN-Bangalore:

- Capacitors banks installed for management of power factor.
- 4th DG set was removed from operations and the three DG Set used using synchronization technology for meeting requirement.

The energy audit was conducted at SSTP-Trichy in last week of March 2011.

The activities to implement the remaining OFIs were in different stages of approval/ tendering/ procurement.

Technology Absorption and Research & Development

Research & Development

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

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

- More efficient conventional thermal power plants using supercritical parameters

- More efficient conventional thermal power plants using ultra-supercritical & Advanced Ultra supercritical parameters
- Advanced control and instrumentation platform for thermal power plant and industrial application
- Coal research for refinement of understanding Indian coal characteristics
- Integrated Gasification Combined Cycle (IGCC) power plants
- Green technologies for Reduction of emissions such as Underground Coal Gasification, clean development mechanism (CDM) projects etc.
- Atmospheric and Circulating Fluidized Bed Combustion (CFBC) boilers
- Large size hydro power plants with higher efficiency and longer life
- Advanced transmission systems like ± 800 kV HVDC, 765 kV, 1200 kV Transmission systems/ products
- Flexible AC Transmission systems, including devices such as Thyristor Controlled Series Compensation, phase shifting transformer, static synchronized compensator (STATCOM), controlled shunt reactor, etc.
- Gas insulated switchgear
- Efficient, reliable and cost effective transportation solutions including IGBT – based applications, three-phase AC drive system for diesel electric locos
- Higher rating Industrial steam turbines
- Enhancing efficiency of the existing products
- Grid connected renewable energy systems such as solar PV, solar thermal, wind etc.
- Simulators
- Advanced Fabrication Technologies
- Surface coatings including ceramic applications
- Residual life assessment studies
- Deployment of new technologies including deployment Intelligent machines & robotics, for reducing cycle time and cost
- Specialized engineering software applications
- Knowledge Management
- Total Engineering solutions including EPC with focus on automation.
- Vibration and noise reduction
- Applications based on high temperature Superconductors
- Desalination and Water Treatment Plant
- Nano-technology application
- Hydrogen energy and fuel cells

EXPENDITURE ON R&D

Total	₹ 981.86 Crore
a) Recurring	₹ 943.99 Crore
b) Capital	₹ 37.86 Crore
Expenditure as a percentage of total turnover	2.27 %

Technology Absorption and Adoption

Details of technology imported during the last 5 years:

Technology	Year of import	Absorption status
Once through boilers	2005	Technology absorption in progress.
Pumps for higher rating thermal power plants	2007	Technology absorption in progress.
Large size forgings	2010	Technology absorption in progress.
Centrifugal Compressors	2010	Technology absorption in progress.
Water Treatment Systems	2011	Technology absorption in progress.

Foreign Exchange Earnings and Outgoings

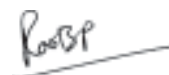
a) Activities relating to export information are given in the Director's Report under the heading 'International Business'.

b) Total foreign exchange used and earned:

(₹ in Crore)

	2010-11	2009-10
(i) Foreign Exchange Used	8389	7587
(ii) Foreign Exchange Earned	9226	8263

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



B. Prasada Rao

Chairman & Managing Director

Place : New Delhi

Dated : July 26, 2011

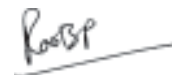
ANNEXURE – V TO THE DIRECTORS' REPORT

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

	Name of the Subsidiary Company	Bharat Heavy Plate & Vessels Ltd.	BHEL Electrical Machines Ltd.
1	Financial year of the Subsidiary ended on	31 st March 2011	-
2	Date from which they became subsidiary	10 th May 2008	19 th January 2011
3	Share of the Subsidiary held by the Company as on 31st March 2011		
	a) Number & Face Value	337978 Equity Shares of ₹ 1000/- each fully paid up	51000 Equity Shares of ₹ 10/- each fully paid up
	b) Extent of holding	100%	51%
4	The Net aggregate amount of the subsidiary Company Profit/(Loss) so far as it concerns the member of the holding Company	(₹ in Crore)	(₹ in Crore)
	a) Not dealt with in the holding Company's Accounts		
	i) For the Financial Year ended March 31, 2011	8.78	N.A.
	ii) Up to the previous financial years of the Subsidiary Company	(-) 52.60	N.A.
	b) Dealt with in the holding Company's accounts		
	i) For the Financial Year Ended March 31, 2011	Nil	N.A.
	ii) For the Previous financial year of the Subsidiary Company since they became the holding Company's Subsidiary	Nil	N.A.

Note : A subsidiary company has been incorporated on 19th January 2011 under the name of "BHEL Electrical Machines Limited". BHEL owns 51% equity in the company and Govt. of Kerala owns 49%. The first financial year of the company has commenced from 19.01.2011 and shall end on 31.03.2012.

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



B. Prasada Rao

Chairman & Managing Director

Place : New Delhi
Dated : July 26, 2011

ANNEXURE – VI TO THE DIRECTORS' REPORT

AUDITORS' REPORT

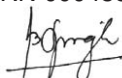
TO THE MEMBERS OF BHARAT HEAVY ELECTRICALS LIMITED

1. We have audited the attached Balance Sheet of **Bharat Heavy Electricals Limited** as at March 31, 2011, the Profit and Loss Account and also 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.
2. 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 the 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, 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.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes 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, 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, 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 Significant Accounting Policies and Notes to Accounts thereon, 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, 2011;
 - (ii) In the case of Profit & Loss Account of the profit for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement of the cash flows for the year ended on that date.

For Gandhi Minocha & Co.

Chartered Accountants

FRN 000458N



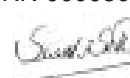
(Bhupinder Singh)

M.No. 092867

For S.N. Dhawan & Co.

Chartered Accountants

FRN 000050N



(Suresh Seth)

M.No. 010577

Date: May 23, 2011

Place: New Delhi

Annexure to the Auditors' Report

(Referred to in Para 3 of our report of even date on the accounts of Bharat Heavy Electricals Limited for the year ended March 31st, 2011)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the fixed assets over a period of three years, which, in our opinion, is 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) According to the information and explanations given to us, the Company has not disposed off any substantial part of its fixed assets during the year.
- 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 and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on physical verification of inventories 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.
- 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. Therefore clauses (iii)(b) to (iii)(d) of Paragraph 4 of the Order are not applicable to the Company.
- (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. Therefore clauses (iii) (f) and (iii) (g) of Paragraph 4 Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the 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 explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control systems.
- v) According to the information and explanations given to us, we are of the opinion that during the year there are no contracts and arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Therefore clause (v) (b) of Paragraph 4 of the Order is not applicable to the Company.
- vi) According to the information and explanations 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 Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975.
- vii) According to the information and explanations given to us, the Company has an internal audit department responsible for carrying out internal audit of various sections at head office, regional offices and units at periodical intervals as per the approved audit plan. In our opinion, the internal audit system of the Company is generally commensurate with size and nature of its business.

viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made 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. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate & complete.

ix) (a) According to the information and explanation given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities 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 to it.

(b) According to the information and explanation given to us, 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 March 31, 2011 for a period of more than six months from the date they become payable **except in one case at Libya, where as per the agreement, the income tax liability has to be discharged by the customer, directly to the Libyan Government. The amount outstanding for more than six months is ₹ 15.55 crore pertaining to financial year 2008-09.**

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Regional Operations Division in depositing the same.

(c) 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	Pending Amount (₹ in Crore)	Amount paid under protest (₹ 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,	23.67	1.79	Assessing Officer
		Entry Tax	76.25	11.08	Dy. Commissioner/Jt. Commissioner/ Commissioner Appeals
		& Work			
		Contract	235.96	41.99	Appellate Tribunal
		Tax	74.54	31.84	High Court
2	Income Tax Act, 1961	Income Tax	99.43	6.27	Various Appellate Authorities
			3.02	-	High Court
			26.50	-	Appellate Tribunal
3	Central Excise Act, 1944	Excise Duty	3.09	0.02	Commissioner (Appeals)
			30.20	0.06	Assessing Officer
			1.28	0.40	Commissioner (Appeals)
			163.71	6.06	Appellate Tribunal
			20.81	1.95	High Court
4	Service Tax under the Finance Act, 1994	Service Tax	0.35	-	Various Appellate Authorities
			1.92	-	Commissioner (Appeals)
			212.21	0.22	Appellate Tribunal

x) The Company has no accumulated losses as at March 31, 2011 and has not incurred any cash losses during the financial year covered by our audit and 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) According to the information and explanations given to us, 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) In our opinion, the Company is not a chit fund or a Nidhi / mutual benefit fund/ society. Therefore, provisions of clause (xiv) of Paragraph 4 of the Order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Paragraph 4 of the Order 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 guarantees for loans taken by others from banks or financial institutions.
- 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) According to the information and explanation given to us, 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.
- xix) In our opinion, the Company has not issued any debentures during the year. Therefore, provisions of clause (xix) of Paragraph 4 of the Order are not applicable to the Company.
- xx) The Company has not raised any money by way of public issue during the year. Therefore, provisions of clause (xx) of Paragraph 4 of the Order are not applicable to the Company.
- xxi) During the course of our examinations 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, no fraud on or by the Company has been noticed or reported during the year.

For Gandhi Minocha & Co.

Chartered Accountants
FRN 00458N



(Bhupinder Singh)

M.No. 092867

For S.N.Dhawan & Co.

Chartered Accountants
FRN 000050N



(Suresh Seth)

M.No. 010577

Date: May 23, 2011

Place: New Delhi

Management Reply to Point No. (ix)(b) : As per the contract, the income tax liability has to be discharged by the customer (ECCO). The customer had directly approached Libyan authorities for rescheduling the payment for 2008-09 and agreed. Against the total liability of LYD 7.45 million customer has deposited 3.30 million in four installments in 2010-11 which has been accepted by the Libyan tax authorities.



IR/ed t;rs

गोपनीय
No आर.ए.पी./बी एच ई एल/अकाउंट्स/21-14/2010-11/Vol-II/ 461

दिनांक/Dated 25/7/2011

सेवा में,

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

विषय: 31 मार्च 2011 को समाप्त वर्ष के लिये भारत हेवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली, के संशोधित वार्षिक लेखों पर कम्पनी अधिनियम 1956 की धारा 619(4) के अन्तर्गत भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ।

महोदय,

मैं भारत हेवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली, के वर्ष 2010-11 की समाप्ति हेतु कम्पनी अधिनियम 1956 की धारा 619(4) के अधीन लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अंग्रेजित करता हूँ। कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्न: यथोपरि।

भवदीय,

एम. के. विश्वास

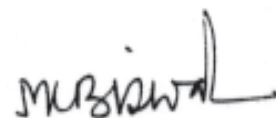
(एम. के. विश्वास)
प्रधान निदेशक

Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, On the Accounts of Bharat Heavy Electricals Limited, New Delhi for the year ended 31st March, 2011

The preparation of financial statements of Bharat Heavy Electricals Limited, New Delhi for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The statutory auditors are appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 May, 2011.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statement of Bharat Heavy Electricals Limited, New Delhi for the year ended 31st March 2011. The supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

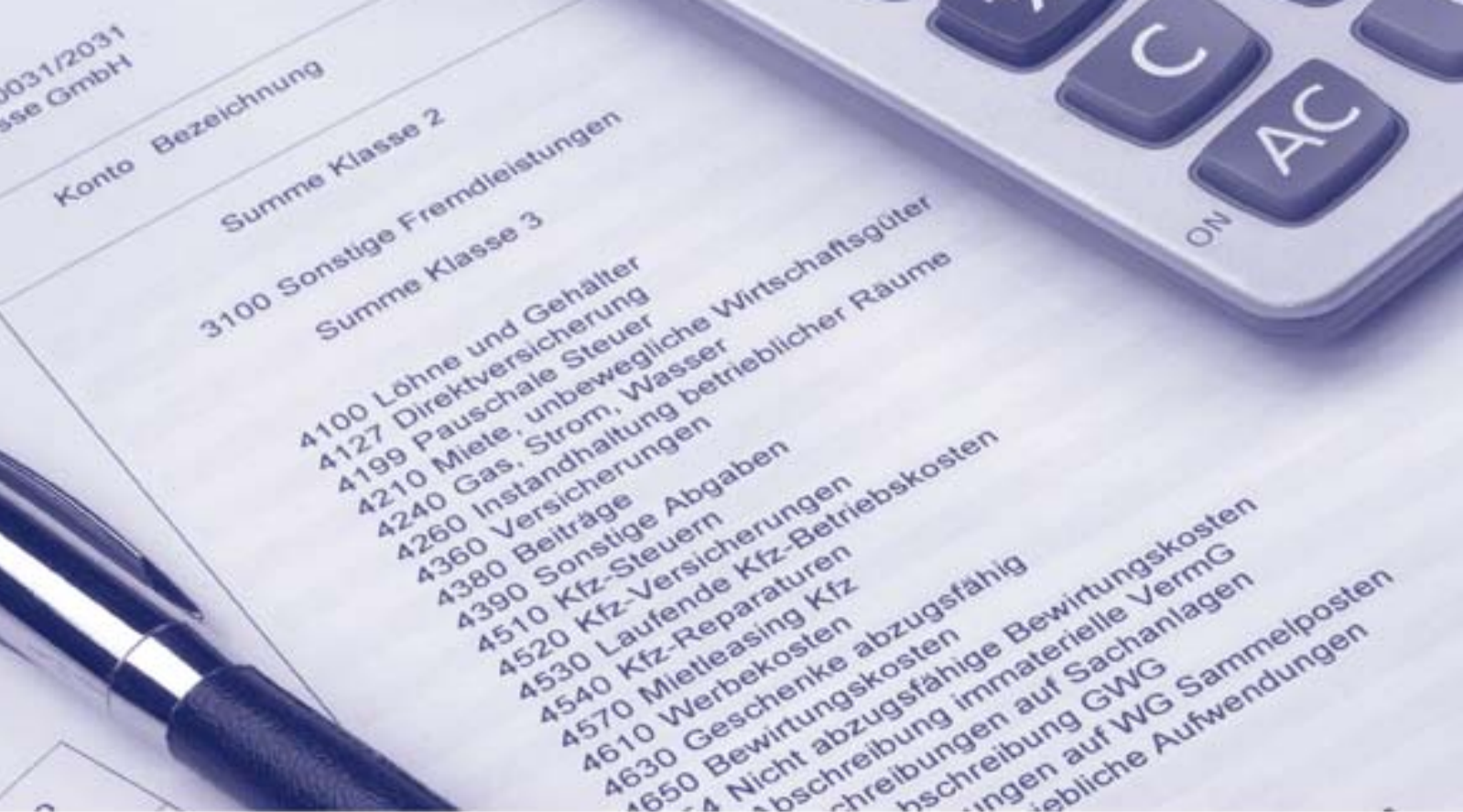


(M.K. Biswas)

**Principal Director of Commercial
Audit & Ex-officio Member, Audit Board –III,
New Delhi**

Place: New Delhi

Dated: 25th July, 2011



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 ₹.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

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

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 ₹ 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 incurred.

6 Depreciation

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

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

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

- (ii) Fixed assets used outside India pursuant to long term contracts are depreciated over the duration of the initial contract.
- (iii) Fixed assets costing ₹.10,000/- or less and those whose written down value as at the beginning of the year is ₹.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 ₹.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 01.04.2003 : 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

Provident Fund and Employees' Family Pension Scheme contributions are accounted for on accrual basis. Liability for Earned Leave, Half Pay Leave, 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:

The company provides warranty cost at 2.5% of the revenue progressively as and when it recognises the revenue and maintain the same through the warranty period.

- (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, 2011

(₹ in Crore)


Schedule		AS AT 31.03.2011		AS AT 31.03.2010	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	489.52		489.52	
Reserves & Surplus	2	19664.32	20153.84	15427.84	15917.36
Loan Funds					
Secured Loans	3	0.00		0.00	
Unsecured Loans	4	163.35	163.35	127.75	127.75
			20317.19		16045.11
APPLICATION OF FUNDS					
Fixed Assets & Intangible Assets					
Gross Block	5	8049.74		6580.14	
Less: Depreciation/Amortisation		4648.64		4150.52	
		3401.10		2429.62	
Less : Lease Adjustment Account		0.18		14.22	
Net Block		3400.92		2415.40	
Capital Work-in-Progress	6	1762.18	5163.10	1550.05	3965.45
Investments	7		439.17		79.84
Deferred Tax Assets Net (Refer note no. 26 of Schedule 19)			2163.55		1527.23
Current Assets, Loans and Advances					
Current Assets					
Inventories		10963.03		9235.46	
Sundry Debtors		27354.62		20688.75	
Cash & Bank Balances		9630.15		9790.08	
Other current assets		309.63		406.85	
Loans and advances	9	3237.31		2793.17	
		51494.74		42914.31	
Less:					
Current Liabilities & Provisions					
Current Liabilities	10	31346.57		28023.74	
Provisions	11	7596.80		4417.98	
		38943.37		32441.72	
Net current assets			12551.37		10472.59
			20317.19		16045.11
Notes to Accounts	19				

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



(I. P. Singh)
Company Secretary

For and on behalf of Board of Directors



(O.P. Bhutani)
Director (E.R&D & Finance)



(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached
For S. N. Dhawan & Co.
Chartered Accountants
FRN-000050N



(Suresh Seth)
Partner
M. No. 10577

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



(Bhupinder Singh)
Partner
M. No. 092867

Place : New Delhi
Date : May 23, 2011

Profit & Loss Account for the year ended 31st March, 2011

(₹ in Crore)

	Schedule No.	For the year ended 31.03.2011	For the year ended 31.03.2010
EARNINGS			
Turnover (Gross)	12	43337.00	34153.43
Less: Excise duty & Service Tax		1770.87	1292.32
Turnover (Net)		41566.13	32861.11
Interest & other income	12A	1701.10	1648.62
Accretion/Decretion to Work-in-Progress & Finished Goods	13	127.35	786.65
		43394.58	35296.38
OUTGOINGS			
Consumption of Material, Erection and Engineering Expenses	14	23209.07	20672.32
Employees' remuneration & benefits	15	5396.71	6539.54
Other expenses of Manufacture,	16	2535.88	2064.64
Administration, Selling and Distribution			
Provisions (net)	17	2715.12	-934.15
Interest & other borrowing costs	18	54.73	33.50
Depreciation and amortisation	5	544.12	458.01
Less: Cost of jobs done for internal use		68.51	120.87
		34387.12	28713.00
Profit before prior period items		9007.46	6583.38
Add/(Less): Prior period items (Net)	18A	-1.79	7.27
Profit before tax		9005.67	6590.65
Less: Provision for taxation			
For Current Year			
- Current Tax		3712.23	2006.14
(incl. wealth tax ₹ 0.23 Crore (Previous year ₹ 0.14 Crore))			
- Deferred Tax		-636.31	313.07
		3075.92	2319.21
For earlier years			
- Tax (incl. Income Tax abroad ₹ 12.86 Crore)		-81.45	-34.58
(Previous year ₹ 26.77 Crore)			
- Fringe Benefit Tax		-	-4.62
		2994.47	2280.01
Profit after tax		6011.20	4310.64
Add: Balance of profit brought forward from last year		575.39	595.46
Foreign Project Reserves written back		0.00	1.38
Profit available for appropriation		6586.59	4907.48
Less: Appropriation-			
— General Reserve		4000.00	3000.00
— Dividend (incl interim dividend of ₹ 648.61 Crore,			
previous year ₹ 538.47 Crore)		1524.85	1140.58
— Corporate Dividend tax (incl ₹ 107.73 Crore on interim dividend,			
previous year ₹ 91.51 Crore)		249.88	191.51
		5774.73	4332.09
Balance carried to Balance Sheet		811.86	575.39
Earning per share in ₹ (Basic & Diluted) (Refer note no. 25 of Sch-19)		122.80	88.06
Face Value per Share (in ₹)		10.00	10.00


Notes to Accounts

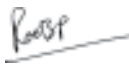
19

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


(I. P. Singh)
Company Secretary

For and on behalf of Board of Directors


(O.P. Bhutani)
Director (E.R&D & Finance)


(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached

For S. N. Dhawan & Co.
Chartered Accountants
FRN-000050N

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

Place : New Delhi
Date : May 23, 2011


(Suresh Sethi)
Partner
M. No. 10577


(Bhupinder Singh)
Partner
M. No. 092867

Cash Flow Statement for the year ended 31-03-2011

(₹ in Crore)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit and Loss Account	9005.67	6590.65
Adjustment for		
Depreciation/Amortisation	544.44	458.21
Lease Equalisation	-14.05	-27.00
Provisions (Net)	630.61	803.98
Bad Debts & LD written off	40.97	139.91
Provision for diminution in investment	0.05	-
Profit on sale of Fixed assets	-4.27	-0.30
Interest paid	54.73	33.58
Interest/Dividend Income	-641.82	-823.86
Operating Profit before Working Capital changes	9616.33	7175.18
Adjustment for		
Increase/ (decrease) in Trade & Other Receivables	-7407.32	-5651.89
Increase/(decrease) in Inventories	-1737.98	-1403.36
Increase/(decrease) in Trade Payable & Advances	6052.39	3368.57
Cash generated from operations	6523.42	3488.51
Direct Taxes Paid (Net of refund)	-3864.80	-1903.45
NET CASH INFLOW FROM OPERATING ACTIVITIES	2658.62	1585.06
B. CASH FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-1730.04	-1722.25
Sale and Disposal of Fixed Assets	6.26	8.54
Investment in Subsidiary & Joint Ventures	-359.38	-27.50
Interest & Dividend Receipts	740.34	774.57
NET CASH USED IN INVESTING ACTIVITIES	1342.82	966.64
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	35.11	-21.47
Dividend Paid (including tax on dividend)	-1456.32	-1087.85
Interest paid	-54.51	-33.69
NET CASH USED IN FINANCING ACTIVITIES	1475.72	1143.01
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	-159.93	-524.59
Opening Balance of Cash and Cash Equivalents	9790.08	10314.67
Closing Balance of Cash and Cash Equivalents	9630.15	9790.08


Note 1 : Cash & Cash Equivalents consists of cash and bank balance & fixed deposits with banks.

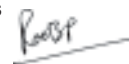
2 : Previous year's figures have been regrouped/rearranged wherever necessary.

3 : Cash & Cash Equivalents includes ₹ 3.74 Crore (₹1.61Crore) unclaimed dividend lying in designated bank account

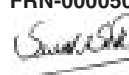

(I. P. Singh)
Company Secretary


For and on behalf of Board of Directors


(O.P. Bhutani)
Director (E.R&D & Finance)


(B. Prasada Rao)
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As per our report of even date attached

For S. N. Dhawan & Co.
Chartered Accountants
FRN-000050N

(Suresh Sethi)
Partner
M. No. 10577

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

(Bhupinder Singh)
Partner
M. No. 092867

Place : New Delhi
Date : May 23, 2011

Schedule-1

Share Capital

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Authorised		
200,00,00,000 (Previous Year 200,00,00,000) equity shares of ₹ 10/- each	<u>2000.00</u>	<u>2000.00</u>
Issued, Subscribed & Paid -up Capital		
48,95,20,000 fully paid (Previous Year 48,95,20,000) Equity shares of ₹ 10/- each of which 7,41,11,200 Shares (Previous Year 7,41,11,200) allotted for consideration other than cash and 24,47,60,000 shares (previous year 24,47,60,000 shares) allotted as bonus shares	<u>489.52</u>	<u>489.52</u>
	<u>489.52</u>	<u>489.52</u>

Schedule-2

Reserves & Surplus

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Capital Reserve		
Opening Balance	2.74	2.74
Less: Deductions/ Adjustments	<u>-</u> <u>2.74</u>	<u>-</u> <u>2.74</u>
Foreign Project Reserve		
Opening Balance	-	1.38
Less: Deductions/ Adjustments	<u>-</u> <u>-</u>	<u>1.38</u> <u>-</u>
General Reserve		
Opening Balance	14849.72	11849.72
Add: Transferred from Profit & Loss Account	<u>4000.00</u> <u>18849.72</u>	<u>3000.00</u> <u>14849.72</u>
Profit & Loss Account	<u>811.86</u>	<u>575.39</u>
	<u>19664.32</u>	<u>15427.84</u>

Schedule-3

Secured Loans

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
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

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
-Credits for Assets taken on lease (Due within one year ₹ 53.39 Crore (Previous year ₹ 47.42 Crore)	157.27	122.16
Interest accrued and due on :		
– State Government Loans	2.33	2.33
– Credits for Assets taken on lease	3.75	3.26
	163.35	127.75

Schedule-5

Fixed Assets

(₹ in Crore)

Particulars	Gross Block			Cost As at 31.03.2011	Depreciation		Net Block		Depreciation/Amortisation for the year
	Cost as at 31.03.2010	Additions/adjustments during the year	Deductions/adjustments during the year		Lease adjustment Account	Depreciation/Amortisation upto 31.03.2011	As at 31.03.2011	As at 31.03.2010	
Factory/Office Complex									
Freehold land (incl. development exp.)	4.37	11.37		15.74			15.74	4.37	
Leasehold land (incl. development exp.)	6.15		0.10	6.05		0.38	5.67	5.74	0.01
Roads, bridges and culverts	12.82	2.33	0.06	15.09		3.38	11.71	9.59	0.22
Buildings	863.49	219.57	12.22	1070.84		374.11	696.73	562.29	83.74
Leasehold buildings	3.12			3.12		1.28	1.84	1.89	0.05
Drainage, sewerage and water supply	18.21	0.54		18.75		10.61	8.14	8.01	0.41
Railway siding	8.67	2.34		11.01		8.01	3.00	0.93	0.27
Locomotives and wagons	27.60	0.13		27.73		18.04	9.69	10.77	1.22
Plant & Machinery	3552.56	938.09	-367.55	4858.20		2848.12	2010.08	1177.39	307.74
Electronic data processing equipments	120.63	15.15	2.25	133.53		126.63	6.90	9.00	3.65
Electrical installations	143.17	54.54	0.25	197.46		85.57	111.89	65.84	8.35
Construction Equipment	529.51	42.53	387.32	184.72		109.39	75.33	260.36	23.94
Vehicles	18.65	0.42	0.26	18.81		16.06	2.75	2.77	0.44
Furniture & fixtures	24.53	5.60	0.15	29.98		9.50	20.48	16.70	1.75
Office & other equipments	88.14	20.40	-1.65	110.19		65.42	44.77	28.06	4.84
Fixed assets costing upto ₹.10000/-	71.04	7.23	0.89	77.38		77.38			7.22
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	-0.18	492.82	4.15	4.53	14.36
P&M taken on lease									
EDP Equipment taken on lease	227.07	73.11	12.57	287.61		149.49	138.12	105.12	53.32
Office & other equipment taken on lease	1.49	1.00		2.49		0.26	2.23	0.83	0.10
Other assets taken on lease		1.19		1.19		0.91	0.28		0.43
Intangible Assets									
- Internally developed									
Others	10.50	8.34	0.17	18.67		7.38	11.29	7.17	4.22
- Others									
Software	106.55	8.88	0.51	114.92		98.52	16.40	23.48	16.01
Patents & Trade Marks									
Technical Know-how	23.00	102.32		125.32		17.42	107.90	12.24	6.57
Others	8.80			8.80		8.80		0.04	
	6367.66	1515.08	47.55	7835.19	-0.18	4529.92	3305.09	2317.12	538.86
Township/ Residential									
Freehold land (incl. development exp.)	2.09			2.09			2.09	2.09	
Leasehold land (incl. development exp.)	1.99			1.99		0.56	1.43	1.45	0.02
Roads, bridges and culverts	5.10	0.12	0.13	5.09		2.84	2.25	2.22	0.08
Buildings	130.63	0.68	0.44	130.87		60.71	70.16	71.60	2.12
Leasehold buildings	0.33		0.06	0.27		0.19	0.08	0.09	0.01
Drainage, sewerage and water supply	17.13	0.01		17.14		13.76	3.38	3.76	0.39
Plant and Machinery	16.14	0.48	0.04	16.58		10.17	6.41	6.98	1.05
Electronic Data Processing Equipment								0.01	
Electrical installations	16.94	0.19		17.13		14.10	3.03	3.21	0.39
Vehicles	1.08			1.08		1.00	0.08	0.09	0.01
Furniture & fixtures	0.67	0.06		0.73		0.21	0.52	0.51	0.06
Office & other equipments	18.13	1.15	0.06	19.22		12.82	6.40	6.27	1.00
Fixed assets costing upto ₹. 10000/-	2.25	0.13	0.02	2.36		2.36			0.13
	212.48	2.82	0.75	214.55		118.72	95.83	98.28	5.26
Total of factory & township	6580.14	1517.90	48.30	8049.74	-0.18	4648.64	3400.92	2415.40	544.12
Previous year	5224.87	1384.46	29.19	6580.14	-14.22	4150.52	2415.40	1470.40	458.01
The details of R&D capital items included in above									
Plant & Machinery & other Equipments	251.63	52.36	0.38	303.61		205.72	97.89	71.38	23.25
Building	23.68	2.12		25.80		14.71	11.09	9.83	0.66
Land									

Gross Block as at 31.03.2011 includes assets condemned and retired from active use ₹ 49.99 Crore (Previous year ₹ 38.75 Crore)

Net Block as at 31.03.2011 includes assets condemned and retired from active use ₹ 0.19 Crore (Previous year ₹ 0.13 Crore)

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

2010-11	2009-10
30.81	30.81

There is no impairment loss in fixed assets during the year

Schedule-6

Capital work-in-progress (at cost)

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Construction work-in-progress-Civil	321.08	237.18
Construction Stores (including in transit)	13.13	14.30
Plant & Machinery and other equipments		
-Under Erection/Fabrication/awaiting erection	916.22	870.91
-In transit	472.97	400.95
Intangible Assets under development	10.36	6.21
Advances for capital expenditure	28.42	20.50
	1762.18	1550.05

Schedule-7

Investments

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Long Term Investments (at cost)		
Unquoted Shares(Fully paid up):		
TRADE:		
1402 (previous year 360) Equity shares of ₹10/- each (Previous year ₹ 38.95 each) of Engineering Projects (India) Ltd.	*	*
728960 (previous year 728960) Equity shares of ₹10/- each of AP Gas Power Corporation Ltd.	0.91	0.91
5000000 (Previous year 5000000) Equity shares of ₹10/- each of Neelachal Ispat Nigam Ltd.	5.00	5.00
	5.91	5.91
Subsidiary Companies -		
337978 (previous year 337978) Equity Shares of ₹1000/- each of Bharat Heavy Plate & Vessels Ltd. acquired at a nominal value of ₹ 1/-	*	*
51000 (previous year Nil) Equity Shares of ₹10/- each of Bharat Electrical Machines Ltd.	0.05	0.00
	0.05	0.00
Joint Ventures Companies		
1999999 (previous year 1999999) Equity Shares of ₹ 10/- each of Powerplant Performance Improvement Ltd.	2.00	2.00
Less: Provision for dimunition in value	2.00	2.00
—50000 (previous year 50000) Equity Shares of ₹10/- each of Barak Power Pvt. Ltd.	0.05	0.05
Less: Provision for dimunition in value	0.05	0.00
		0.05
—25000000 (previous year 25000000) Equity Shares of ₹ 10/- each of NTPC-BHEL Power Projects Pvt. Ltd.	25.00	25.00
—32500000 (previous year 5000000) Equity Shares of ₹ 10/- each of Udangudi Power Corporation Ltd.	32.50	5.00
—331523312 (previous year 5000000) Equity Shares of ₹ 10/- each of Raichur Power Corporation Ltd.	331.52	5.00
—2500000 (previous year Nil) Equity Shares of ₹ 10/- each of Dada Dhuniwale Khandwa Power Ltd.	2.50	
—2379999 (previous year 2379999) Equity Shares of ₹ 10/- each of BHEL-GE Gas Turbine Services Pvt. Ltd.	2.38	2.38
	393.90	37.43
Advances deposit towards issue of Shares		
To Bharat Heavy Plate & Vessels Ltd. (Subsidiary Company)	34.00	34.00
To BHEL Electrical Machines Ltd. (Subsidiary Company)	5.31	0.00
To Dada Dhuniwale Kandwa Power Ltd. (Joint Venture)	0.00	2.50
	39.31	36.50
OTHER THAN TRADE:		
3 (Previous year 3) shares of ₹ 100/- each of BHEL House Building Cooperative Society Ltd., Hyderabad	*	*
	439.17	79.84
Aggregate value of Unquoted Investment	439.17	79.84

* Value of less than ₹ 1 lakh/-

Schedule-8

Current Assets

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Inventories @		
(As certified by the management)		
Stores & Spare parts		
Production	180.33	141.21
Fuel stores	20.57	11.90
Miscellaneous	27.08	28.09
Raw Material & Components	3855.05	2893.67
Material-in-transit	1445.99	966.19
Materials with Fabricators/Contractors	237.09	144.11
Loose Tools	31.44	25.17
Scrap (at estimated realisable value)	70.33	40.20
Finished Goods	858.65	599.53
Inter division transfers in transit	177.74	121.11
Includes:		
₹ 4.08 Crore (previous year ₹ 3.74 Crore) Finished Goods in transit.	1036.39	720.64
Work-in-progress (including items with sub-contractors)	4126.60	4321.40
	11030.86	9292.58
Less : Provision for non-moving stock	67.83	57.12
@ Valued as per Significant Accounting Policy No. 8	10963.03	9235.46
<u>Sundry Debtors *</u>		
Debts outstanding for a period exceeding six months	11568.28	11340.46
Other debts	17836.46	10850.46
	29404.74	22190.92
Less : Provision for Doubtful debts	1839.38	1398.97
Less :Automatic Price Reduction Adjustment (APR)	210.74	103.20
	27354.62	20688.75
Particulars of Sundry debtors :		
Debts unsecured considered good	27354.62	20688.75
Debts considered doubtful and provided for (Incl. APR)	2050.12	1502.17
	29404.74	22190.92
* Includes deferred debts	10901.47	7784.97
* Includes goods despatched pending billing	1843.02	1051.16

Schedule-8 (Contd.)

Current Assets

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Cash and Bank Balances		
Cash & Stamps in hand	1.46	1.30
Cheques, Demand Drafts in hand	433.52	226.88
Remittances in transit	8.64	35.83
Balances with Scheduled Banks		
Current Account	962.16	595.31
Deposit Account	8200.00	8925.00
Balance with non-scheduled Banks		
Current Account	24.37	5.76
	9630.15	9790.08
Other Current Assets		
Interest Accrued on Banks Deposits and investments	309.63	406.85
	309.63	406.85
Summary of Current Assets		
Inventories	10963.03	9235.46
Sundry Debtors	27354.62	20688.75
Cash & Bank Balances	9630.15	9790.08
Other Current Assets	309.63	406.85
	48257.43	40121.14

Schedule-9

Loans and Advances

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Loans		
Loans to Subsidiaries Companies	217.54	217.54
Loans to Employees	0.04	0.06
Materials Issued on loan	10.05	4.56
Loans to others	0.03	0.04
Interest accrued and or due on loans	3.46	4.75
	231.12	226.95
Advances (Recoverable in cash or in kind or for value to be received)		
To subsidiaries	1.76	
To employees	30.28	24.69
For purchases	1506.05	1148.02
To Others	1051.32	896.42
	2589.41	2069.12
Deposits		
Balance with customs, Port Trust and other Govt Authorities [(includes ₹ 0.03 Crore (previous year ₹ 0.03 Crore) by pledge of Post office pass book with Central Excise Authorities]	277.62	228.73
Others	232.54	73.23
	510.16	301.96
Advance Tax/ TDS (Net of Provision for Income Tax Previous year ₹ 4252.63 Crore)	-	231.85
	3330.69	2829.88
Less: Provision for doubtful loans & advances	93.38	36.72
	3237.31	2793.16
Particulars of Loans & Advances :		
Loans & Advances considered good in respect of which the Company is fully secured	12.01	5.61
Loans & Advances considered good for which the Company holds no security	3225.30	2787.55
Loans & Advances considered doubtful & provided for	93.38	36.72
	3330.69	2829.88
Includes:		
Due from Directors	*	*
Maximum amount during the year	*	*
Due from Officers	0.12	0.17
Maximum amount during the year	0.21	0.37
* Amount less than ₹ 1 lakh		

Schedule-10

Current Liabilities

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Acceptances	42.84	42.30
Sundry Creditors		
- Total outstanding dues of Micro & Small Enterprises (incl. interest)	312.63	222.80
- Other Sundry Creditors	9289.29 9601.92	7357.00 7579.80
Advances received from customers & others (incl. valuation adj. credit)	20390.60	19190.55
Deposits from Contractors & others	492.97	434.38
Unclaimed dividend *	3.74	1.61
Other liabilities	814.25	774.57
Interest accrued but not due	0.25	0.53
	31346.57	28023.74

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

Schedule-11

Provisions

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Proposed Dividend	876.24	602.11
Corporate Dividend Tax	142.15	100.00
Contractual Obligation	2982.16	895.36
Retirement benefits	2863.60	2615.84
Others	266.78	204.67
Provision for Tax (Net of advance tax/TDS ₹ 7433.57 Crore)	465.87	-
	7596.80	4417.98

Schedule-12

Turnover (Gross)

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Sales less returns	38312.97	30269.25
Income from external erection & other services & revenue from works contract	5024.03	3884.18
	43337.00	34153.43

Schedule-12A

a. Other Operational Income

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Export Incentives	42.89	44.71
Rental income on leased assets	0.93	6.16
Add: Lease equalisation account	14.05	27.00
Scrap	271.68	186.73
Receipt from sale/transfer of surplus stock	0.05	0.59
Others	350.86	228.23
Total (a)	680.46	493.42

b. Other Income

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Profit from sale of fixed assets (Net Cr)	4.27	0.30
Dividend on Investment (Long term-Trade)	14.99	15.83
Exchange variation gain (Net)	99.69	87.21
Others (including grants of ₹ 0.33 Crore (previous year ₹ Nil) from Govt. of India for R&D Projects.	274.87	243.83
Total (b)	393.82	347.17

c. Interest Income**

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
From customers	0.01	*
From employees	0.01	0.02
From banks	610.03	774.95
Others [Includes ₹ Nil (previous year ₹ (-) 5.58 Crore reversal from subsidiary co.)]	16.77	33.06
Total (c)	626.82	808.03
TOTAL OTHER INCOME	1701.10	1648.62
Total (a)+(b)+ (c)		

* Amount less than ₹ 1 lakh

** Tax deducted at source

56.96

98.55

Schedule-13

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

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Closing Balance				
Finished Goods	858.65		599.53	
Work-in-Progress	4126.60	4985.25	4321.40	4920.93
Less: Opening Balance				
Finished Goods	599.53		519.00	
Work-in-Progress	4321.40	4920.93	3612.59	4131.59
Inter-division transfer in transit		63.03		-2.69
NOTE:		127.35		786.65
Element of Excise duty in Finished Goods				
Closing Balance		81.96		53.06
Opening Balance		53.06		35.24

Schedule-14

Consumption of Material, Erection & Engineering Expenses

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Consumption of Raw material & components	19417.59		17295.34	
Consumption of stores & spares	469.86		457.40	
Erection and Engineering expenses- payment to subcontractors	3321.62		2919.58	
	23209.07		20672.32	

Schedule-15

Employees Remuneration & Benefits

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Salaries, Wages, Bonus, Allowances & other benefits	4540.04		4841.28	
Contribution to gratuity fund	216.92		1019.83	
Contribution to Provident and other funds	269.38		320.73	
Group Insurance	9.90		10.23	
Staff Welfare Expenses	360.47		347.47	
	5396.71		6539.54	

Schedule-16

Other Expenses of Manufacture, Administration, Selling & Distribution

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Royalty, technical documentation, resident consultant charges & other consultancy charges	133.22	40.92
Rent	79.99	72.41
Excise duty (Net)	209.13	94.86
Power & Fuel	402.86	337.99
Rates & Taxes	38.29	48.63
Service Tax (Net)	12.21	7.14
Insurance	109.22	84.74
Repairs & Maintenance		
Buildings	54.01	50.73
Plant & Machinery	27.92	19.75
Others	119.31	90.96
Other expenses in connection with exports	33.14	23.75
Bad Debts and amount Written off	20.94	37.02
Carriage outward	358.00	302.69
Travelling & conveyance	164.52	145.87
Miscellaneous Expenses	731.37	599.98
Liquidated damages charged off	20.03	102.89
Donations	0.18	0.30
Corporate Social Responsibility	21.55	4.01
	2535.89	2064.64

Schedule-17

Provisions

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Doubtful debts ,Liquidated Damages and Loans & advances				
- Created during the year	729.77		683.68	
- Less written back during the year	240.70	489.06	380.58	303.10
Contractual Obligations				
- Created during the year	2687.58		359.86	
- Less written back during the year	603.07	2084.51	348.65	11.21
Others				
- Created during the year	168.37		599.84	
- Less written back during the year	26.82	141.55	1848.30	-1248.46
		2715.12		-934.15

Schedule-18

Interest and Other Borrowing Costs

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Interest on:				
Banks/Financial Institutions borrowings	30.67		12.85	
Others	24.06		20.65	
Less : Borrowing Cost capitalised	0.00		0.00	
	54.73		33.50	

Schedule-18A

Prior Period Items

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
INCOME				
Sales less returns	-1.74		7.12	
Other income	0.00		1.29	
Interest income	0.00	-1.74	0.00	8.41
EXPENDITURE				
Consumption of Raw material & components	0.24		0.34	
Depreciation	0.32		0.20	
Misc. Expenses	-0.51	0.05	0.52	1.14
Prior period adjustments (Net)		-1.79		7.27

Schedule-19

NOTES TO ACCOUNTS

S. No.	Description		2010-11	2009-10
1	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	₹ Crore	1331.82	1652.93
	The above includes for acquisition of intangible assets	₹ Crore	4.68	33.77
2	Land and buildings include			
a)	(i) Acres of land for which formal transfer/ lease deed have not been executed	Acres	8662.27	8648.91
	(ii) Number of flats for which formal transfer/ lease deed have not been executed	Nos.	12	36
	(iii) Number of buildings for which formal transfer/ lease deed have not been executed	Nos.	1	1
	(iv) Acres of land for which the cost paid is provisional; registration charges and stamp duty (net of provision already made), if any, would be accounted for on payment.	Acres	91.52	71.44
b)	Acres of land leased to Ministry of Defence, Govt. of India Departments & others	Acres	28.77	28.77
c)	Acres of land being used by Ministry of Defence and for which further approval of the competent authority for continuance of licencing of this land is awaited.	Acres	180.00	180.00
d)	Acres of land is under adverse possession.	Acres	97.25	116.37
3	The impact on the profit of providing 100 percent depreciation on fixed assets upto ₹ 10,000/- each, without considering such impact of earlier years, is as under :			
	100% depreciation on assets upto ₹ 10,000/- charged off in the accounting year.	₹ Crore	10.02	10.55
	Normal depreciation on above.	₹ Crore	2.99	2.96
	Excess amount charged.	₹ Crore	7.03	7.59
4	Sales less returns			
a	Includes based on provisional prices	₹ Crore	0.70	20.38
b	includes for escalation claims raised in accordance with sales contracts, inclusive of escalation claims on accrual basis, to the extent latest indices were available;	₹ Crore	1388.54	1108.07
c	includes additional claim for despatches made in earlier year in accordance with price settlement with railways during the year;	₹ Crore	0.00	96.86
d	includes despatches of equipment held on behalf of customers at their request for which payment has been received by Company ; and	₹ Crore	96.99	15.57
e	excludes for price reduction (net of refund) due to delay in delivery as per the terms of the contract .	₹ Crore	13.94	23.01

5	Contingent liabilities :				
A	Claims against the company not acknowledged as debt :				
i)	a	Income Tax Pending Appeals	₹ Crore	32.61	28.77
	b	Against which paid under protest included under the head “deposit others”	₹ Crore	0.02	0.03
ii)	a	Sales Tax Demand	₹ Crore	509.84	353.06
	b	Against which paid under protest included under the head “Advances Recoverable”	₹ Crore	92.97	76.91
iii)	a	Excise Duty demands	₹ Crore	216.14	195.47
	b	Against which paid under protest included under the head “Advances Recoverable”	₹ Crore	8.41	5.01
iv)	a	Custom Duty demands	₹ Crore	0.21	0.21
	b	Against which paid under protest included under the head “Advances Recoverable”	₹ Crore	0.06	0.06
v)		Court & Arbitration cases	₹ Crore	375.07	254.26
vi)	a	Liquidated Damages	₹ Crore	1401.11	1287.94
	b	Amount deducted by customers towards LD included in vi)a	₹ Crore	825.70	730.57
vii)		Counter Claim by contractors	₹ Crore	0.61	0.61
viii)	a	Service Tax Demand	₹ Crore	214.13	105.74
	b	Against which paid under protest	₹ Crore	0.22	0.22
ix)		Others	₹ Crore	120.58	59.10

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

- 6** Cash credit limit from banks aggregating to ₹ 600 Crore (previous year ₹ 100 Crore) and Company's counter guarantee / indemnity obligations in regard to bank guarantee / letters of credit limit aggregating to ₹ 49400 Crore (previous year ₹ 40000 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 guarantees as at 31.03.2011 is ₹ 37474 Crore (previous year ₹ 31541 Crore) and Corporate Guarantee as on 31.03.2011 is ₹ 4192 Crore (Previous year ₹ 1685 Crore).
- 7** Other liabilities include a sum of ₹ 100.51 Crore (previous year ₹ 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. DHI has been again requested for waiver of the guarantee fee by BHEL vide letter dated 18.02.2011.
- 8** 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 formal lease agreement with the Ministry of Non-Conventional Energy Sources is yet to be finalised.
- 9** Balances shown under debtors, creditors, contractor's advances, deposits and stock/materials lying with sub-contractors/fabricators are subject to confirmation, reconciliation & consequential adjustment, if any. The reconciliation is carried out ongoing basis & provisions wherever considered necessary have been made in line with the guidelines.

10 Details of Balances with Non-Scheduled Banks (Schedule No. 8)

Current Account	Maximum Balance during the year (₹ in Crore)		2010-11	2009-10
	2010-11	2009-10		
- Standard Chartered Bank, Libya	0.23	0.23	0.06	0.02
- Bank Muskat, Oman	0.16	50.27	0.02	-0.03
- Barclays Bank Ltd, Zambia	0.01	0.02	0.01	0.01
- Bank of Commerce, Malaysia	0.05	0.05	0.05	0.05
- CIMB Berhad	0.02	0.02	0.02	0.02
- Indo Jambia Bank, Lusaka	0.00	0.16	0.00	0.00
- Commercial Bank of Ethiopia	0.00	3.81	2.65	3.42
- Bank of Bhutan, Bhutan	0.00	0.01	0.00	0.00
- Jamahouria Bank, Libya	3.94	3.94	0.26	0.53
- National Bank of Egypt	0.12	0.13	0.11	0.12
- Byblos Bank of Syria	18.80	0.00	17.28	0.00
- Standard Chartered Bank, Bangladesh	132.59	1.40	1.69	0.29
- Bank of Khartoum, Sudan	10.82	10.82	2.22	1.33
- Standard Chartered Bank, Dubai	0.00	0.05		0.00

11 The disclosure relating to Micro and Small Enterprises

		2010-11	2009-10
i	The principal amount remaining unpaid to supplier as at the end of the accounting year	₹ Crore 302.81	216.22
ii	The interest due thereon remaining unpaid to supplier as at the end of accounting year.	₹ Crore 9.82	6.58
iii	The amount of interest paid, along with the amounts of the payment made to the supplier beyond appointed day during the year.	₹ Crore 0.02	0.60
iv	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.	₹ Crore 0.00	0.00
v	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 interest specified under this Act.	₹ Crore 0.78	0.25
vi	The amount of interest accrued during the year and remaining unpaid at the end of year.	₹ Crore 4.11	3.40
vii	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 enterprises, for the purpose of disallowance as a deductible expenditure.	₹ Crore 2.61	0.01

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

	2010-11	2009-10
		₹ Crore
Contract revenue recognised for the year	37108.87	28203.25
In respect of Contract in progress at the end of year :		
Cost incurred and recognised profits (less recognised losses)	126492.61	91106.88
Amount of advance received	10936.59	9830.20
Amount of retentions (deferred debts)	9689.76	6785.15
In respect of dues from customers after appropriate netting off		
Gross amount due from customer for the contract work as an asset	4946.97	2423.42
Gross amount due to customer for the contract work as a liability	3401.12	3170.18
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 updated periodically to ascertain the percentage completion for revenue recognition. The changes in estimated contract revenue and estimated contract cost for AS 7(R) contracts under execution in 2009-10 and continuing in 2010-11 is (+) 1.12% (Previous year + 0.62%) and (-) 0.87% (Previous year (-) 2.43%) respectively, with the consequential impact on turnover.

- 13 The company has changed the Accounting Policy on Provision for warranties in respect of AS-7(R) construction contracts during the year. As against creation of provision for warranties @ 2.5% of contract value on trial operation, the company has revised it that company provides warranty cost at 2.5% of the revenue progressively as and when it recognises the revenue and maintains the same through the warranty period. This is against the earlier policy of deferring warranty provision and corresponding revenue till the completion of Trial Operation. The impact due to change in the accounting policy for the year 2010-11 is increase in turnover by ₹ 2772.79 Crore, Provision for Contractual Obligation by ₹ 2077.31 Crore and Profit before Tax by ₹ 695.48 Crore.
- 14 The Company has modified the Accounting Policy on Employee Benefits during the year in respect of leave liability. As against the policy of creating provision for these leaves on accrual basis, the company changed it to actuarial valuation basis treating the same as "Other Long Term Benefits" based on behavioural patterns etc. as per AS-15(R). The impact due to change in accounting policy for the year 2010-11 is increase in Profit before Tax by ₹ 240.75 Crore.
- 15 During the year the cranes used at the project sites have been classified under "General Plant & Machinery" as against the earlier practice of "Erection Equipment". Accordingly the depreciation rate has been changed based on a review of their useful life, from 20% p.a. to 8% p.a., with retrospective effect. The impact due to the above change is decrease in depreciation by Rs. 80.62 Crore (₹ 49.03 Crore pertains to earlier years) and increase in profit before tax by ₹ 46.80 Crore
- 16 The operations of the Libyan project site has been consolidated based on the unaudited accounts maintained at the regional headquarter at Noida, in view of the ongoing turmoil in Libya.
- 17 The company accounts the leave encashment expenditure with 26 days a month as base. The company proposed a change in the base as 30 days a month in line with the directives of Government of India, Department of Public Enterprise vide their O.M. dated 20.9.2005. However, some of the workers unions have raised a dispute under section 9(A) of the Industrial Dispute Act 1947 against the proposed changes in the calculation

of leave encashment with 30 days month base instead of 26 days month. As per section 33 (3) of the Industrial Dispute Act no employer can alter the service conditions during the pendency of such proceedings with the Conciliation Officer. Pending final disposal of the dispute by the Conciliation officer/ Industrial Tribunal, the status quo is being continued. The proposed change has already been effected for the employees who have joined/ joining BHEL on or after 1st Jan 2010.

- 18 The details of Research & Development Expenditure incurred during the year which is deductible under section 35 (2AB) of the Income Tax Act, 1961.

A. Capital Expenditure on R&D

		2010-11	2009-10
Land	₹ Crore	0.00	0.00
Building	₹ Crore	2.12	0.45
Plant & Machinery & Other Equipments	₹ Crore	52.36	23.34
Total Capital Expenditure	₹ Crore	54.48	23.79

B. Revenue Expenditure on R & D

Salaries & Wages	₹ Crore	156.55	127.79
Material Consumables/spares	₹ Crore	29.14	50.93
Manufacturing & Other Expenses (Net of Income)	₹ Crore	54.01	43.68
Total Revenue Expenditure (Net of Income)	₹ Crore	239.70	222.40

Note: Expenditure on land and building has not been considered as deductible under section 35 (2AB) of the Income Tax Act, 1961.

- 19 The disclosure relating to derivative instruments:

- a) The derivative instruments that are hedged and outstanding as on 31.03.2011 is Nil (previous year Nil).
b) The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under :

		2010-11	2009-10
a) Assets / Receivables (i.e. Debtors)			
in foreign currency			
in US \$	₹ Crore	34.60	21.50
in EURO	₹ Crore	34.32	21.95
in LYD	₹ Crore	0.94	0.91
in RO	₹ Crore	0.19	0.19
In Indian currency			
in US \$	₹ Crore	1542.12	960.64
in EURO	₹ Crore	2127.66	1317.78
in LYD	₹ Crore	34.39	31.97
in RO	₹ Crore	22.05	22.26
in Others	₹ Crore	38.92	14.92
b) Liabilities (i.e. Advances from customers / creditors)			
in foreign currency			
in US \$	₹ Crore	29.40	28.81
in EURO	₹ Crore	32.26	34.63
in LYD	₹ Crore	1.46	2.13

in Indian currency

in US \$	₹ Crore	1326.04	1313.74
in EURO	₹ Crore	2064.51	2126.34
in LYD	₹ Crore	54.78	47.97
in Others	₹ Crore	115.28	100.76

20 Remuneration paid/payable to Directors (including Chairman & Managing Director) *

	2010-11	2009-10
Salaries & Allowances	1.67	1.29
Contribution to PF	0.06	0.12
Contribution to Gratuity Fund	0.06	0.04
Others	0.24	0.47

* The above amount include leave encashment on payment basis & excludes group insurance premium.

The CMD and functional directors have been allowed the use of staff car for both duty and non-duty journeys. The ceiling of non duty journey is 1000 kms p.m against recovery of prescribed amount in accordance with terms and condition of appointment. The monetary value of the perquisite for the use of car, if calculated in accordance with the provisions of I.T. Rules 1962 would amount to ₹ 0.01 Crore (Previous Year ₹ 0.01 Crore)

(₹ in Crore)

21	a) Expenditure on departmental Repair & maintenance which are as under:	2010-11	2009-10
	Plant & Machinery	157.27	190.74
	Buildings	45.54	44.38
	Others	30.33	29.39
	b) Agency Commission on exports included in expenses in connection with exports	21.63	15.37
	c) Expenditure on research & development	360.83	352.50
	d) Rent Residential	65.70	60.79
	e) Payment to Auditors		
	Audit Fees	0.40	0.40
	includes paid abroad	0.01	0.04
	Out of Pocket expenses	0.17	0.14
	Income tax matters(including certification)	0.10	0.09
	includes paid abroad	0.01	0.01
	Other Certification Work	0.20	0.16
	includes paid abroad	0.00	0.00
	Other Professional services	0.04	0.10
	includes paid abroad	0.00	0.00
	f) Payment to Cost Auditors	0.01	0.01
	g) Expenditure on entertainment	6.45	6.97
	h) Expenditure on foreign travel		
	No. of tours	994	830
	Expenditure in Rupees	17.43	14.55
	i) Expenditure on Publicity and Public relations		
	Salaries allowances & other benefits	9.89	10.08
	Other expenses	16.08	16.27
	j) Director's Fees	0.16	0.08

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

a) 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 are as follows:

	(₹ in Crore)	
	2010-11	2009-10
1 <u>Change in present value of obligation</u>		
a) Present value of obligation as at the beginning	1657.46	966.02
b) Acquisition adjustment	-	-
c) Interest Cost	124.31	72.45
d) Past service cost	-	756.79
e) Current service cost	72.04	65.52
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	-240.70	-406.47
i) Actuarial (gain) / Loss	157.12	203.14
j) Present value of obligation at the end of the period	1770.22	1657.46
2 <u>Change in the fair value of plan assets</u>		
a) Fair value of plan assets at the beginning	637.62	966.02
b) Acquisition Adjustments	-	-
c) Expected return on plan assets	54.20	82.11
d) Contributions	1019.83	-
e) Benefits paid	-240.70	-406.47
f) Actuarial gain / (Loss) on plan assets	82.27	-4.04
g) Fair value of plan assets as at the end of the year	1553.22	637.62
3 <u>Fair value of plan assets</u>		
a) Fair value of plan assets at the beginning	637.62	966.02
b) Acquisition Adjustments	-	-
c) Actual return on plan assets	136.47	78.07
d) Contributions	1019.83	-
e) Benefits paid	-240.70	-406.47
f) Fair value of plan assets at the year end	1553.22	637.62
g) Funded status	-217.00	-1019.83
h) Excess of actual over estimated return of plan assets	82.27	-4.04
4 <u>Actuarial gain / loss recognized</u>		

a) Actuarial gain / (loss) for the period - obligation	-157.12	-203.14
b) Actuarial (Gain) / loss for the period – plan assets	-82.27	4.04
c) Total (gain) / loss for the period	74.85	207.19
d) Actuarial (gain)/ loss recognized in the period	74.85	207.19
e) Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5 <u>The amount recognized in balance sheet and statement of profit and loss</u>		
a) Present value of obligation as at end of the period	1770.22	1657.46
b) Fair value of plan assets as at the end of period	1553.22	637.62
c) Funded status	-217.00	-1019.83
d) Excess of actual over estimated	82.27	-4.04
e) Unrecognised actuarial (gains)/ losses	-	-
f) Net asset/ (liability) recognized in balance sheet	-217.00	-1019.83
6 <u>Expense recognized in the statement of profit and loss a/c</u>		
a) Current service cost	72.04	65.52
b) Past service cost	-	756.79
c) Interest cost	124.31	72.45
d) Expected return on plan assets	-54.20	-82.11
e) Curtailment cost / (Credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	74.85	207.19
h) Expenses recognized in the statement of profit & losses	217.00	1019.83

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

b) Post Retirement Medical Benefits plan		(₹ in Crore)
1 <u>Change in present value of obligation</u>	2010-11	2009-10
a) Present value of obligation as at the beginning	860.43	758.80
b) Acquisition adjustment	0.00	-
c) Interest Cost	64.53	56.91
d) Past service cost	0.00	-
e) Current service cost	17.19	16.04
f) Curtailment cost / (Credit)	0.00	-
g) Settlement cost / (Credit)	0.00	-
h) Benefits paid	-36.10	-29.91
i) Actuarial (gain) / Loss	45.30	58.59
j) Present value of obligation as at the end of year	951.35	860.43
2 <u>Change in the fair value of plan assets</u>	-	-
3 <u>Fair value of plan assets</u>	-	-

<u>Funded Status</u>	-951.35	-860.43
4 <u>Actuarial gain / loss recognized</u>		
a) Actuarial gain / (loss) for the period - obligation	45.30	-58.59
b) Actuarial (Gain) / loss for the period – plan assets	-	-
c) Total (gain) / loss for the year	45.30	58.59
d) Actuarial (gain)/ loss recognized in the period	45.30	58.59
e) Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5 <u>The amount recognized in balance sheet and statement of profit and loss</u>		
a) Present value of obligation as at the end of the year	951.35	860.43
b) Fair value of plan assets as at the end of the year	-	-
c) funded status	-951.35	-860.43
d) Net assets / (liability) recognized in balance sheet	-951.35	-860.43
6 <u>Expenses recognized in the statement of profit and loss</u>		
a) Current service cost	17.19	16.04
b) Interest cost	64.53	56.91
c) Net actuarial (gain) / loss recognized in the year	45.30	58.59
d) Expenses recognized in the statement of profit & loss	127.02	131.54

c) Long Term Leave Liability (EL/NEL/HPL)

The leave liability has been treated as other long term benefits and has been assessed using projected unit credit actuarial method.

(₹ in crore)

1 <u>Change in present value of obligation</u>	2010-11
a) Present value of obligation as at the beginning	1294.22
b) Acquisition adjustment	-
c) Interest Cost	97.07
d) Past service cost	-
e) Current service cost	87.53
f) Curtailment cost / (Credit)	-
g) Settlement cost / (Credit)	-
h) Benefits paid	-207.59
i) Actuarial (gain) / Loss	-78.27
j) Present value of obligation at the end of the period	1192.95
2 <u>Change in the fair value of plan assets</u>	-
3 <u>Fair value of plan assets</u>	
g) Funded status	-1192.95
4 <u>Actuarial gain / loss recognized</u>	
a) Actuarial gain / (loss) for the period - obligation	78.28
b) Actuarial (Gain) / loss for the period – plan assets	-

c) Total (gain) / loss for the period	-78.28
d) Actuarial (gain)/ loss recognized in the period	-78.28
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	1192.95
b) Fair value of plan assets as at the end of period	-
c) Funded status	-1192.95
d) Excess of actual over estimated	-
e) Unrecognised actuarial (gains)/ losses	-
f) Net asset/ (liability) recognized in balance sheet	-1192.95
6 Expense recognized in the statement of profit and loss a/c	
a) Current service cost	87.53
b) Past service cost	-
c) Interest cost	97.07
d) Expected return on plan assets	-
e) Curtailment cost / (Credit)	-
f) Settlement cost / (credit)	-
g) Net actuarial (gain) / loss recognized in the period	-78.28
h) Expenses recognized in the statement of profit & losses	106.32

- d) In line with the guidance note on AS-15(R), the company has got the actuarial valuation of provident fund done in respect of PF trusts of the units/regions. As per the actuarial valuation certificate liability for likely interest shortfall, to be compensated by the company to the PF trust, has been provided in the accounts.

		2010-11	2009-10
Provision made (withdrawal) for shortfall in PF interest liability	₹ Crore	11.04	6.49
based on actuarial valuation for the year			
Accumulated provision for shortfall in PF interest liability	₹ Crore	27.18	16.13
based on actuarial valuation			

23 Related Party Transactions:

- i) Related Parties where control exists (Joint Ventures):
- Powerplant Performance Improvement Ltd.
 - BHEL-GE Gas Turbine Services Pvt. Ltd.
 - NTPC-BHEL Power Projects Pvt. Ltd.
 - Udangudi Power Corporation Ltd.
 - Barak Power Pvt. Ltd.
 - Raichur Power Corporation Ltd.
 - Dada Dhuniwale Khandwa Power Ltd.
- ii) Other related parties (Key Management Personnel- Functional Directors: existing & retired):
- S/Shri B.P. Rao , Anil Sachdev, Atul Saraya, O. P. Bhutani and C S Verma (upto 10.06.2010)

iii) Details of Transactions

Joint Ventures		2010-11	2009-10
Purchase of Goods and Services	₹ Crore	76.06	2.51
Sales of Goods and services	₹ Crore	67.28	63.01
Receiving of Services	₹ Crore	25.24	-
Rendering of Services	₹ Crore	101.18	5.59
Dividend income	₹ Crore	14.99	15.83
Royalty income	₹ Crore	0.78	0.84
Purchase of shares	₹ Crore	354.02	27.50
Amounts due to BHEL at the end of the year	₹ Crore	59.68	18.30
Amounts due from BHEL at the end of the year	₹ Crore	145.01	1.06
Advance deposit towards issue of shares	₹ Crore	0.00	2.50
Provision for Doubtful debts	₹ Crore	0.02	0.02
Advances given	₹ Crore	27.04	0.00
Note : Majority of transactions are with BGGTS, NBPPL and Raichur power corporation Ltd.			
Key Management Personnel (KMP)			
Payment of Salaries	₹ Crore	2.02	1.91
Relatives of KMP			
Amounts due to BHEL at the end of the year	₹ Crore	0.01	0.01
Payment of Salaries	₹ Crore	0.20	0.14

24 Lease

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

i) Finance Lease:

a. Outstanding balance of Minimum Lease payments		2010-11	2009-10
not later than one year	₹ Crore	65.52	55.68
later than one year and not later than five years	₹ Crore	120.30	89.30
later than five years	₹ Crore	0.00	0.00
Total minimum lease payments at the balance sheet date	₹ Crore	185.82	144.98
b. Present Value of (a) above			
not later than one year	₹ Crore	53.39	47.42
later than one year and not later than five years	₹ Crore	103.88	74.74
later than five years	₹ Crore	0.00	0.00
Total of Present Value at the balance sheet date	₹ Crore	157.27	122.16
c.1 Finance charges	₹ Crore	28.55	22.82
c.2 Present value of Residual value, if any	₹ Crore	0.01	0.01

ii) The company is in the practice of taking houses for employees, office buildings and EDP equipments etc. on operating lease both as cancellable and non-cancellable.

iii) <u>Operating Lease</u>		2010-11	2009-10
The future minimum lease payments under non-cancellable operating lease are as under			
not later than one year	₹ Crore	3.75	4.39
later than one year and not later than five years	₹ Crore	6.25	9.26
later than five years	₹ Crore	0.85	0.91
iv) Details regarding rentals in respect of assets taken on lease prior to 1.4.2001 are as given below:			
Cost of Assets			
Land & Buildings	₹ Crore	0.01	0.07
Computers & peripherals	₹ Crore	0.00	0.83
Rentals payable over unexpired period of lease			
Land & buildings	₹ Crore	0.02	0.02
Computers & peripherals	₹ Crore	0.00	0.01

25 Earnings per Share

		2010-11	2009-10
Weighted average number of Equity Shares outstanding during the year (A)	Nos. in Crore	48.952	48.952
Nominal Value of Equity Share	(₹)	10.00	10.00
Net Profit for the year (B)	(₹ in Crore)	6011.20	4310.64
Basic and Diluted Earnings Per Share (B)/(A)	(₹)	122.80	88.06

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

(₹ in Crore)

	As on 31.3.2011	As on 31.3.2010
Deferred Tax Assets		
Provisions	1819.50	992.81
Statutory dues	411.99	502.48
Adjustment as per section 145A	45.43	47.20
R&D expenditure u/s 35 (2AB)	0.00	42.24
Others	9.64	16.49
	2286.56	1601.23
Deferred Tax Liabilities		
Depreciation	123.01	73.99
Net Deferred Tax Assets	2163.55	1527.23

27 Joint Ventures / Subsidiaries :

A subsidiary company has been incorporated on 19th January 2011 under the name of "BHEL Electrical Machines Limited" which would take up manufacture of rotating electrical machines, after acquiring the assets of Kasargod unit of KEL, Kerala. BHEL owns 51% equity in the company and Govt. of Kerala owns 49%.

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
BHEL-GE Gas Turbine Services Pvt. Ltd.	India}	less than 50%
NTPC-BHEL Power Projects Pvt. Ltd.	India	50%
Udangudi Power Corporation Ltd.	India	50%
Barak Power Pvt. Ltd.	India	50%
Raichur Power Corporation Ltd.	India	50%
Dada Dhuniwale Khandwa Power Ltd.	India	50%

b) The provision for diminution in value of investment in PPIL & Barak Power Pvt. Ltd. has been made since the companies are under liquidation and the amount paid as equity is not recoverable.

c) Aggregate amount of company's interest in Joint Ventures as per accounts is as under:

BHEL-GE Gas Turbine Services Pvt. Ltd.

(₹ in Crore)

	2010-11	2009-10
Fixed Assets	3.88	2.50
Net Current Assets	40.54	31.97
Loan funds	0.30	0.20
Misc. Exp. not written off	0.00	0.00
Deferred Tax Assets (net)	1.56	1.02
Shareholders Funds	45.67	35.29
Income	212.13	220.06
Expenses	169.12	181.69
Contingent Liabilities	3.05	6.69
Capital Commitments	0.77	0.00

NTPC-BHEL Power Project Pvt. Ltd.

(₹ in Crore)

	2010-11	2009-10
Fixed Assets	2.79	0.29
Net Current Assets	23.89	22.88
Loan funds	0.12	0.08
Misc. Exp. not written off	0.00	0.00
Deferred Tax Assets (net)	0.06	0.36
Shareholders Funds	26.61	23.44
Income	54.42	2.11
Expenses	46.31	2.85
Contingent Liabilities	1.72	0.00
Capital Commitments	22.58	0.00

Udangudi Power Corporation Ltd.

(₹ in Crore)

	2010-11*	2009-10
Fixed Assets	30.82	2.46
Net Current Assets	1.91	2.70
Loan funds	0.00	0.00
Misc. Exp. not written off	0.00	0.00
Deferred Tax Assets (net)	0.00	0.00
Shareholders Funds	32.73	5.16
Income	0.11	0.24
Expenses	0.01	0.01
Contingent Liabilities	0.00	0.00
Capital Commitments	6.74	0.00

* Figures of 2010-11 are based on unaudited financial results

Raichur Power Corporation Ltd.

(₹ in Crore)

	2010-11*	2009-10
Fixed Assets	421.59	0.01
Net Current Assets	3.80	3.64
Loan funds	97.43	1.01
Misc. Exp. not written off	3.56	2.36
Deferred Tax Assets (net)	0.00	0.00
Shareholders Funds	331.52	5.00
Income	0.22	0.11
Expenses	1.43	2.44
Contingent Liabilities	0.00	0.00
Capital Commitments	0.00	0.00

* Figures of 2010-11 are based on unaudited financial results

Dada Dhuniwale Khandwa Power Ltd.

(₹ in Crore)

	2010-11*	2009-10
Fixed Assets	0.01	0.00
Net Current Assets	2.23	2.50
Loan funds	0.00	0.00
Misc. Exp. not written off	0.26	0.00
Deferred Tax Assets (net)	0.00	0.00
Shareholders Funds	2.50	2.50
Income	0.12	0.00
Expenses	0.00	0.00
Contingent Liabilities	0.00	0.00
Capital Commitments	0.00	0.00

* Figures of 2010-11 are based on unaudited financial results

28 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:

	(₹ in Crore)	
Bharat Heavy Plate & Vessels Ltd. (interest free)	2010-11	2009-10
Loans and advances in the nature of loans outstanding	217.54	217.54
Maximum amount of loans and advances in the nature of loans outstanding during the year	217.54	217.54
BHEL Electrical Machines Ltd.		
Loans and advances in the nature of loans outstanding	-	-
Maximum amount of loans and advances in the nature of loans outstanding during the year	-	-

ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and

iii) There are no loans and advances in the nature of loans, to firms/companies, in which directors are interested.

29 The disclosure relating to Accounting Standard -29

	(₹ in Crore)	
a) Liquidated Damages	2010-11	2009-10
Opening	483.25	522.51
Additions	282.61	177.38
Usage/ Write off/payment	-20.03	-102.89
Withdrawal/adjustments	-47.87	-113.75
Closing Balance	697.96	483.25
Contractual Obligation		
Opening	895.36	887.09
Additions	2687.58	359.86
Usage/ Write off/payment	-99.09	-77.11
Withdrawal/adjustments	-501.69	-274.48
Closing Balance	2982.16	895.36

b) 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 Sch-19.

c) The provision for contractual obligation is made at the rate of 2.5% of the contract revenue 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.

30 Item of expense and income less than ₹ One Lakh are not considered for booking under Prior Period Items.

31 SEGMENT INFORMATION

(₹ in Crore)

	For the year ended 31.03.2011			For the year ended 31.03.2010		
A PRIMARY SEGMENT-BUSINESS SEGMENTS						
	Power	Industry	Total	Power	Industry	Total
I. SEGMENT REVENUE						
a. Segment Revenue	34791.33	9186.02	43977.35	26860.37	7878.96	34739.33
b. Inter-Segment Revenue	0.00	597.46	597.46	0.00	541.19	541.19
c. Operating Revenue-External (a) - (b)	34791.33	8588.56	43379.89	26860.37	7337.77	34198.14
II. SEGMENT RESULTS						
a. Segment Results	8311.64	1915.10	10226.74	6316.70	1642.46	7959.16
b. Unallocated expenses (Net of income)			1166.34			1335.01
c. Profit before Interest, DRE & Income tax (a) - (b)			9060.40			6624.15
d. Interest			54.73			33.50
e. Net Profit before Income Tax (c) - (d)			9005.67			6590.65
f. Income Tax			2994.47			2280.01
g. Net Profit after Income Tax			6011.20			4310.64
III ASSETS & LIABILITIES						
a. Segment Assets	36348.81	9828.36	46177.17	27679.83	8320.57	36000.40
b. Unallocated Assets			13083.39			12486.43
c. Total Assets			59260.56			48486.83
d. Segment Liabilities	30147.30	6295.10	36442.40	25174.14	6071.67	31245.81
e. Unallocated Liabilities			2664.32			1323.66
f. Total Liabilities			39106.72			32569.47
IV OTHER INFORMATION						
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	1286.09	356.34		1391.85	270.30	
b. Depreciation	398.87	113.02		301.06	82.01	
c. Non Cash Expenses (other than depreciation)	2056.70	567.21		-452.84	-269.21	
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS						
	Within India	Outside India	Total	Within India	Outside India	Total
1 Net Sales / Income from Operations	41992.37	1387.52	43379.89	32517.14	1681.33	34198.14
2 Total Assets	58862.68	397.88	59260.56	48434.18	52.65	48486.83
3 Cost incurred during the period to acquire Fixed Assets	1680.31	1.42	1681.73	1692.84	0.22	1693.06

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

33 Other information required by Schedule VI of the Companies Act, 1956

A. Sales, Opening Stocks & Closing Stocks

(₹ in Crore)

Product	Unit	Sales during the Year		Op. Stock of Fin. Goods		Cl. Stock of Fin. Goods	
		2010-2011		01.04.2010		31.03.2011	
		Qty.	Value	Qty.	Value	Qty.	Value
HEP, BHOPAL							
SWITCHGEAR, CONTROLGEAR, RECTIFIER, CAPACITORS							
Switchgear-11 kv to 220 kv high speed air blast circuit breakers	Nos	2726	299.38	0	0.00	29	1.64
		(2690)	(223.37)	(85)	(2.57)	0	0.00
Control Panels	Nos	351	89.01	2	0.34	0	0.02
		(357)	(93.58)	(7.00)	(3.61)	(2)	(0.34)
Industrial controlgear	Nos	0	24.01	0	0.00	0	0.00
		(0)	(21.22)	(0)	(0.00)	(0)	(0.00)
Traction controlgear for AC, DC & diesel system	Set	128	119.80	1	0.11	8	1.07
		(143)	(103.82)	(13.00)	(3.61)	(1)	(0.11)
Rectifiers with Electronics	Nos	593	140.03	5	0.57	0	0.00
		(444)	(157.15)	(3)	(1.04)	(3)	(0.57)
Capacitors	MVAR	2686	20.66	100	1.28	23	0.45
	MVAR	(2169)	(14.46)	(157.00)	(1.39)	(100)	(1.28)
Bushings		0	23.43	0.00	0.00	0	0.18
		(0)	(26.47)	0.00	(0.20)	(0)	0.00
TRANSFORMERS							
Power transformers upto 400 kv	MVA	17752	702.90	0	0.12	540	13.25
	MVA	(13968)	(566.05)	(617.00)	(14.17)	0	(0.12)
Instrument, welding ,transformers and reactors	MVA	0	15.37	0	0.00	0	0.03
	Nos.	389		0	0.00	25	
	MVA	(0)	(16.63)	(0)	(0.90)	(0)	0.00
	Nos.	(457)		(103)	0.00	0	(0.00)
INDUSTRIAL AND TRACTION MACHINES							
Traction Motors for AC,DC & diesel system,main/auxiliary generators	Nos	2113	539.46	30	3.83	30	4.50
		(2130)	(581.56)	(13)	(9.24)	(30)	(3.83)
Industrial machines, AC motors upto 1000 HP, DC motors & generators of all types	Nos	1319	348.57	37	5.15	37	5.94
		(1212)	(272.77)	(90)	(12.42)	(37)	(5.15)
HEAVY ROTATING PLANT & TURBINES							
Large electrical machines above 1000 HP	Nos	383	347.28	7	3.03	10	11.46
		(335)	(290.55)	(6)	(2.51)	(7)	(3.03)
Water wheel alternators & water turbines & Mini micro turbines & generators	Nos/ MW	15	347.08	0	4.08	0	32.35
		1149					
	Nos/ MW	2	403.88	0	11.93	12	52.98
		1256					
	Nos/ MW	(24/T)	(383.66)	0	(14.91)		(4.08)
		(785)					
	Nos/ MW	(25/G)	(291.72)	0	(13.09)		(11.93)
		(1399)					
Turbo Alternators & Steam turbines	Set	0	174.08	0	0.00	0.00	0.00
		0	(141.79)	(0)	(0.00)	(0)	(0.00)
Heat Exchangers	Nos	42	258.92	0	0.44	0	1.43
	Nos	(22)	(191.80)	0	(0.35)	0	(0.44)
Others			206.28		0.90		0.63
		(0)	(219.50)		(0.00)		(0.90)
TOTAL			4060.14		31.78		125.93

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

A. Sales, Opening Stocks & Closing Stocks

(₹ in Crore)

Product	Unit	Sales during the Year 2010-2011		Op. Stock of Fin. Goods 01.04.2010		Cl. Stock of Fin. Goods 31.03.2011	
		Qty.	Value	Qty.	Value	Qty.	Value
TP, JHANSI							
Power transformers and special transformers	Nos	149 (145)	443.91 (324.61)	2 (6)	1.53 (18.60)	4 (2)	14.03 (1.53)
ESP Transformer	Nos	1232 (1098)	121.67 (93.85)	8 (0)	0.51 (0.00)	4 (8.00)	0.15 (0.51)
ACEMU Transformer	Nos	5 (0)	1.45 (0)	0 (0)	0.00 (0.00)	(0)	(0.00)
Freight Loco transformers	Nos	76 (59)	32.89 (35.49)	0 (0)	0.00 (0.00)	(0)	(0.00)
Instrument transformers	Nos	462 (386)	21.48 (12.14)	6 (30)	0.15 (0.63)	0 (6)	0.00 (0.15)
Bus Duct	Nos/Set	(0)	1.52 (4.02)	0 (0)	0.00 (0.71)	(0)	0.00
Dry Type Transformer	Nos	162 (149)	58.74 (46.83)	2 (0)	0.07 (0.00)	2 (2)	0.07 (0.07)
Diesel Shunters	Nos	7 (8)	29.26 (25.17)	1 (1)	0.00 (2.38)	0 (1)	0.00 (0.00)
New Product Loco	Nos	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)	(0)	(0.00)
AC LOCO	Nos	30 (22)	198.09 (134.74)			1.00	5.62
Others/Misc.	Nos	0 (0)	13.64 (17.34)	0 (0)	0.00 (0.10)		1.47 (0.00)
		TOTAL	922.65	2.26		21.34	
HEEP, Haridwar							
Electrical Machines	MW/Nos	0 (0)	0.00 (0.00)	1/2 (1/2)	0.22 (0.21)	1/2 (1/2)	0.22 (0.22)
Industrial controls panels	Nos	0 (0)	0.00 (0.00)	3 (3)	0.19 (0.18)	3 (3)	0.18 (0.19)
Turbo Sets	MW/Nos	2700/9 (2355/8)	3599.90 (2410.31)	0 (0)	31.48 (4.01)	0 (0)	12.89 (31.48)
Hydro sets	MW/Nos	200/2 (0)	11.10 (31.55)	0 (0)	0.14 (0.00)	0 (0)	0.05 (0.14)
Super Rapid Gun Mount	Nos	2 (3)	53.11 (90.33)	0 (1)	0.00 (17.23)	0 (0.00)	0.00 (0.00)
Gas Turbine	MW/Nos	0 (0)	46.53 (190.98)	0 (0)	0.00 (3.01)	0 (0)	0.00 (0.00)
Others		0 (0)	519.94 (491.78)	0 (0)	7.60 (6.74)	0 (0)	12.29 (7.61)
		TOTAL	4230.58	39.63		25.63	

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

A. Sales, Opening Stocks & Closing Stocks

(₹ in Crore)

Product	Unit	Sales during the Year 2010-2011		Op. Stock of Fin. Goods 01.04.2010		Cl. Stock of Fin. Goods 31.03.2011	
		Qty.	Value	Qty.	Value	Qty.	Value
HPBP, Trichy							
Boilers	MT	597345 (531549)	11793.58 (9469.90)	23123 (11063)	337.78 (176.78)	21717 (23123)	328.53 (337.78)
Valves	Nos	123128 (135812)	457.69 (418.13)	5025 (7655)	15.43 (11.24)	6541 (5025)	12.07 (15.43)
Income from testing & other services	Rs.	0 (0)	6.55 (7.77)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Seamless steel tubes	MT	98 (66)	1.31 (1.25)				
		TOTAL	12259.13	353.21		340.60	
BAP, Ranipet							
Boiler auxiliaries	MT	281923 (235271)	3573.62 (2506.64)	12738 (6396)	95.56 (44.52)	23279 (12738)	173.15 (95.56)
Wind Mill	MT	(0)	0.03 (0.55)	0 (0)	0.00 (0.00)	(0)	(0.00)
Income from testing & other services		(0)	3.03 (2.68)	0 (0)	0.00 (0.00)	(0)	(0.00)
Income from external erection & other services		(0)	0.84 (1.83)	0 (0)	0.00 (0.00)	(0)	(0.00)
		TOTAL	3577.52	95.56		173.15	
HPEP, Hyderabad							
60 MW Sets	Nos	3P (1+P)	518.00 (280.82)	1P (1P)	12.04 (12.68)	7P (1P)	8.63 (12.04)
Utility Sets							
Small & Medium Sets	Nos	14P (6+P)	498.37 (448.61)	1P (8P)	12.29 (51.13)	7P (1P)	6.47 (12.29)
Pumps and heaters	Nos	9P (6+P)	1034.79 (795.03)	3P (0)	5.18 (0)	2P (3P)	3.46 (5.18)
Compressors	Nos	20P (1+P)	596.10 (355.86)	1 (2)	7.56 (6.65)	3P (1.00)	4.61 (7.56)
Gas Turbine	Nos	9P (8+P)	2930.91 (2155.96)	2P (2P)	2.70 (63.91)	3P (2P)	102.30 (2.70)
Bowl Mills	Nos	10P (6+P)	899.35 (765.22)	3.00 (0)	1.20 (0.00)	0.00 (3.00)	0.00 (1.20)
Heat Exchangers	Nos	P	23.64 (1.88)	0 (0)	0.00 (0.00)	(0.00)	(0.00)
Erection Income			18.66 (6.02)		0.00 (0.00)		0.00 (0.00)
Castings			2.65 (1.73)		0.00 (2.82)		0.00
Breakers	Nos	5 (41)	10.36 (19.55)	0 (0)	0.00 (0.00)		0.00 (0.00)
Oil Rigs	Nos	P	116.40 (161.55)				
		TOTAL	6649.23	40.97		125.47	

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

A. Sales, Opening Stocks & Closing Stocks

(₹ in Crore)

Product	Unit	Sales during the Year 2010-2011		Op. Stock of Fin. Goods 01.04.2010		Cl. Stock of Fin. Goods 31.03.2011	
		Qty.	Value	Qty.	Value	Qty.	Value
ISG, Bangalore							
Other Services		0 (0)	686.89 (573.09)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
		TOTAL	686.89		0.00		0.00
EDN, Bangalore							
Power devices*	Nos	6252 (7033)	1.09 (0.72)	146 (206)	0.19 (0.05)	72 (146)	0.29 (0.19)
Photovoltaics	KWs	4699 (1322)	68.06 (15.91)	0 (168)	0.00 (0.15)	1 0	0.01 0.00
Simulators(Defence Electronics)	Sets	0 (0)	0.00 0.00	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
Control Equipments	Cubicles	5983 (5052)	1875.63 (1394.75)	20 (9)	3.58 (8.45)	19 (20)	11.79 (3.58)
		TOTAL	1944.78		3.77		12.09
EPD, Bangalore							
Insulators & bushings	MT	8058 (6393)	120.26 (83.75)	397 (397)	4.33 (4.31)	595 (397)	9.13 (4.33)
Ceralin	MT	3085 (2469)	65.35 (48.19)	60 (55)	0.56 (0.47)	388 (60)	3.55 (0.56)
Income from testing & other services		0 (0)	2.10 (0.08)	0 (0)	0.00 (0.00)	0 (0)	0.00 (0.00)
		TOTAL	187.71		4.89		12.68
Power Group							
Income from erection & Other services & spares			7811.94 (6117.68)		3.98 (1.60)		(5.79) (3.98)
		TOTAL	7811.94		3.98		(5.79)
IP, Jagdishpur							
Insulators	CMT	7002.36 (7286)	76.46 (72.08)	286.36 (426.58)	3.38 (5.38)	459.91 (286.36)	5.46 (3.38)
Ceralin	MT	4140.00 (2965.00)	63.39 (41.47)	67.64 (55.09)	2.79 (0.84)	134.60 (67.64)	2.66 (2.79)
		TOTAL	139.85		6.17		8.12
IVP Goindwal							
Industrial Valves	Nos	0 (0)	0.00 (0.00)	125 (276)	0.53 (1.05)	307 (125)	1.21 (0.53)
		TOTAL	0.00		0.53		1.21

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

A. Sales, Opening Stocks & Closing Stocks

(₹ in Crore)

Product	Unit	Sales during the Year 2010-2011		Op. Stock of Fin. Goods 01.04.2010		Cl. Stock of Fin. Goods 31.03.2011	
		Qty.	Value	Qty.	Value	Qty.	Value
CFP, Rudrapur							
SWHS	Nos	0	0.00	0	0.00	0	0.00
		(1)	(0.02)	0	0.00	(0)	(0)
Busduct Project	Sets	32	88.01	1	0.49	14	8.98
		(32)	(79.79)	(1)	(0.69)	(1)	(0.49)
		TOTAL	88.01		0.49		8.98
HERP, Varanasi							
Spares & Repairs for Boiler/ Turbine & Auxiliaries			186.86		0.36		0.28
			(148.22)		(0.21)		(0.36)
		TOTAL	186.86		0.36		0.28
Transmission Business Group							
Spares(Including Services)			782.80		14.41		8.37
			(620.61)		(0.00)		(14.41)
		TOTAL	782.80		14.41		8.37
EMRP, Mumbai							
Repair & Project work			48.44		0.00		0.00
			(42.11)		(0.00)		(0.00)
		TOTAL	48.44		0.00		0.00
International Operations							
Income from Sales (Revenue Recognition Adjustment)			57.19		0.00		0.00
			(16.05)		(0.00)		(0.00)
		TOTAL	57.19		0.00		0.00
Industry Sector							
Income from Sales (Revenue Recognition Adjustment)			-183.99		0.00		0.00
			(5.67)		(0.00)		(0.00)
		TOTAL	-183.99		0.00		0.00
Adjustment			-112.73		1.52		0.59
			(-12.87)		(-7.74)		0.00
GRAND TOTAL			43337.00		599.53		858.65

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

B. Licensed Capacity, Installed Capacity and Actual Production

S. NO.	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION			
			2010-11	2009-10	2010-11		2009-10	
					For Sale	For Captive Consumption	For Sale	For Captive Consumption
HEP- BHOPAL								
1	Turbo Sets							
	- Steam Turbine/Nuclear Turbine	Set	1/1	1/1	0	0	0	0
		MW	210 or 250/236	210 or 250/236	0	0	0	0
2	Hydro Sets							
	Hydro Turbine	Nos	25	25	15	0	24	0
		MW	2500	2500	1149	0	785	0
	Hydro Generator	Nos	25	25	15	1	25	0
		MW	2500	2500	1256	30	1399	0
3	Large Electrical Machine	Nos	450	340	387	3	336	4
4	Traction Machines (Incl.TG/AG,Blower Motors,BPRV etc.)	Nos	3200	3200	2351	0	2379	0
5	Power Transformers	Nos						
		MVA	30000	30000	18292	513	13351	880
6	Instrument Transformer	Nos	200	200	414	0	354	1
7	Electrical Machines	Nos	1800	1000	1327	4	1159	7
8	Switchgear	Nos	3000	3000	2952	0	2892	28
9	Capacitor	MVAR	3200	3200	2610	0	2112	136
10	Industrial Controlgear	Nos	250	250	0	0	0	0
11	Traction Controlgear	Set	220	220	191	0	164	0
12	Control Equipment	Nos	600	600	1580	0	1301	0
13	Heat Exchangers	Nos	52	52	42	0	39	0
		MT	1100	1100	0	0	0	0
14	Control Panels	Nos	600	600	395	0	392	2
15	Cathodic Protection System	Tonne	2700	2700	0	0	0	0
TP, JHANSI								
1	Power Transformers 33kv/ 132kv	Nos./MVA	200/15000	105/5500	151/7337	1/60	142/4483	2/88
2	<u>Other Transformer</u>							
	Special Purpose Transformer (Dry Type Trfr. etc.)	Nos	140	140	181	3	159	12
	Traction Transformer. (Frt. Loco & ACEMU)	Nos	140	140	154	0	130	0
	Instrument Transformer	Nos	1000	1000	464	0	363	0
	ESP Transformer	Nos	500	500	1228	0	1106	0
3	Diesel Shunters	Nos	10	10	7	0	8	0
4	AC Locomotives (Upto 6500 HP)	Nos	30	30	31	0	22	0

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

B. Licensed Capacity, Installed Capacity and Actual Production

S. NO.	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION			
			2010-11	2009-10	2010-11		2009-10	
					For Sale	For Captive Consumption	For Sale	For Captive Consumption
HEEP - HARDWAR								
1	Turbo Sets*	MW	10020	5750	2900	0	2355	0
2	Hydro Sets	MW	0	0	0	0	0	0
3	Electrical Machines	MW	0	0	0	0	0	0
4	Gas Turbine	MW						
5	Super Rapid Gun Mounts	Nos	3	3	2	0	2	0
* Capacity of Turbo Sets includes manufacturing capacity of spares equivalent to 500 MW								
CFFP HARDWAR								
1	Steel Castings	MT	6000	6000	3574	0	3736	6
2	Steel Forging							
	(a) Steel Forgings (Heavy)	MT	2410	2410	1057		811	
	(b) Medium Forgings (Medium)	MT	3000	3000	1777		1590	
3	Billets and Blooms	MT	4000	4000	143		17	
4	N F Casting	MT	250	250	89		39	
HPEP- HYDERABAD								
1	Steam Turbines	MW	1630	1140	1913.18		797.4	
2	Generators	MW	2720	1947	2626.55		1626.95	
3	Gas Turbine	MW	1090	992	1721.6		1287.7	
4	Compressors	Nos	9	9	20		12	
5	Pulverisers	Nos	172	101	172		145	
6	Pumps	Nos	280	187	341		227	
7	Breakers	Nos	1035	1035	5		186	
8	Heat Exchangers	Nos	152	152	257		191	
9	Oil Rigs	Nos	14	5	41		23	
10	Drive Turbines	Nos	27	10	32		29	
EDN - BANGLORE								
1	Control Equipments	CUBICLE	4500	4300	6251	398	5421	476
2	Power Devices	Nos	20000	20000	21077		19420	
3	Photovoltaics	KWS	8000	8000	4715	18	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

S. NO.	PRODUCT	UNIT	INSTALLED CAPACITY		ACTUAL PRODUCTION			
			2010-11	2009-10	2010-11		2009-10	
					For Sale	For Captive Consumption	For Sale	For Captive Consumption
TIRUCHY								
1	Boilers	MT	481162	481162	595939		545045	
2	Valves	MT Nos	13800	13800	174415		168869	
3	Nuclear Steam Generating Equipments	MW	382/500	382/500				
4	Seamless Steel Tubes	MT	40000	40000	35221		32787	
5	Armoured Recovery Vehicles	Nos	25	25	0		0	
BAP - RANIPET								
1	Boiler Auxiliaries	MT	245553	207305	293210	0	244933	0
I V P GOINDWAL								
1	Industrial Valves & Valves Spares	MT Nos	788	788	2479 13860		1911 11091	
EPD - BANGLORE								
1	Insulators & Bushings	CMT	6250	6250	6459		6633	
2	Assembled Production	MT			9253		8840	
3	Ceralin	CMT	745	745	1599		1400	
4	Ceralin (Assembled)	MT			4130		3355	
IP - JAGDISHPUR								
1	Insulators	CMT	6000	6000	7376.56	0	7169.78	0
2	Ceralin	MT	1574	1574	1912.81	0	1593.21	0
3	Ceralin(Assembled)	MT			4397.27	0	3662.55	0
CFP - RUDRAPUR								
1	S W H S							
2	Solar Lanterns	Nos						
3	Bus Duct	MT	150	150	1318	0	1188	0
CSU								
1	Stampings	Nos	13000000	13000000	3600000	0	1436000	0

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

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
C. Value of imports		
CIF basis		
Raw materials	4243.07	3943.53
Components and spare parts	2837.80	2508.74
Capital goods	700.94	783.66
D. Expenditure in foreign currency		
Royalty	52.96	34.79
Know-how	132.10	20.53
Professional & Consultancy fees	0.29	0.07
Interest and others (incl. on foreign sites)	421.61	296.07
Dividend : @		
a) number of non-resident shareholders	5058	5491
b) number of shares held	74213588	82055911
c) gross amount of dividend	91.28	65.64
d) year to which dividend relates	2009-10	2008-09
Interim Dividend : @	(Final Dividend)	(Final Dividend)
a) number of non-resident shareholders	5938	5441
b) number of shares held	64320886	75561348
c) gross amount of dividend	85.22	83.12
d) year to which dividend relates	2010-11	2009-10
	(Interim Dividend)	(Interim Dividend)
<p>@ 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.</p>		
E. Value of consumption of raw materials, components, stores & spare parts.		
# Imported (including custom duty)	6217.12	6240.72
Indigenous	13669.89	11512.02
Percentage of total consumption		
Imported	31	35
Indigenous	69	65
F. Earnings in foreign exchange		
Export of goods (FOB basis) **	769.21	1231.59
Interest	0.01	0.01
Erection & other services **	449.57	335.11
FE in Deemed Exports (incl. domestic contracts)	8007.21	6696.71
# 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

(₹ in Crore)

		For the year ended 31.03.2011		For the year ended 31.03.2010	
Group of materials	Units	Quantity	Value	Quantity	Value
Ferrous materials					
	MT	630011		582871	
	Meters	13749271		9088417	
	Nos	5184210		3831321	
	Sq.M	958		12	
	Kg.	67442605		50954071	
	Others	93		126	
			5017.28		4589.09
Non-ferrous materials					
	MT	23782		20071	
	Meters	1757921		2144535	
	Nos	274269		187313	
	Sq.M.	242		194	
	Kg.	8015569		6305433	
	RL	27781		20902	
	Others	688		115	
			497.14		306.19
Insulating materials					
	Meters	68635813		60428160	
	MT	76561		17489	
	Nos	730866		427241	
	Sq.M.	1653750		2116260	
	Kg	987949		985456	
	LT	7290736		4592485	
	RL	216335		177783	
	M2	113102		40454	
	ST	411		397	
	Others	41404		19760	
			227.51		184.26
Insulated cables and Magnet wires					
	Meters	2786052		5449824	
	Nos	175718		3220	
	Kg	9661		8838	
			41.02		59.33
Components			10504.74		9914.39
Others			3129.90		2242.08
			19417.59		17295.34

Balance Sheet Abstract and Company's General Business Profile

i) Registration details :

Registration No.

0 0 4 2 8 1

State Code

5 5

Balance Sheet

3 1 0 3 1 1

Date Month Year

ii) Capital raised during the year (Amount in ₹ Crore)

Public Issue

Right Issue

NIL

NIL

Bouns Issue

Private Placement

NIL

NIL

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

Total Liabilities

5 9 2 6 0 . 5 6

Total Assets

5 9 2 6 0 . 5 6

Sources of Funds

Paid Up Capital

4 8 9 . 5 2

Reserves & Surplus

1 9 6 6 4 . 3 2

Secured Loans

N I L

Unsecured Loans

1 6 3 . 3 5

Application of Funds

Net Fixed Assets*

5 1 6 3 . 1 0

Investments

4 3 9 . 1 7

* It includes Capital WIP ₹ 1762.18 Crore

Net Current Assets

1 2 5 5 1 . 3 7

Misc. Expenditure (Deferred Revenue Exp.)

N I L

Accumulated Losses

N I L

Deferred Tax Assets

2 1 6 3 . 5 5

iv) Performance of Company (Amount in ₹ Crore)

Turnover*

4 3 3 3 7 . 0 0

Total Expenditure

3 4 3 8 8 . 9 1

* Inclusive of Excise Duty & Service Tax ₹ 1770.87 Crore

Total earnings including accretion/decretion in WIP & FG, other income and adjustment of excise duty & service tax on turnover for the year is ₹ 43394.58 Crore as against total expenditure.

Profit Before Tax

9 0 0 5 . 6 7

Profit After Tax

6 0 1 1 . 2 0

Earning Per Share in ₹

1 2 2 . 8 0

Dividend rate

- 1) Interim dividend @132.50% (₹ 13.25 per share) of paid up capital of ₹ 489.52 Crore.
- 2) Proposed Final dividend @179% (₹ 17.90 per share) of paid up capital of ₹ 489.52 Crore.

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

1. Item Code No. :
ITC Code)

8 4 0 2 1 0

Product Description : Boilers other than parts

2. Item Code No. :
ITC Code)

8 5 0 2 3 9 0 2

Product Description : Complete generating sets including hydro turbines

3. Item Code No. :
ITC Code)

8 4 1 1 8 2 0 6

Product Description : Gas turbine of thrust exceeding 115000 KW

(I. P. Singh)

Company Secretary

(O.P. Bhutani)

Director (E.R&D & Finance)

(B. Prasada Rao)

Chairman & Managing Director

Date : May 23, 2011

Place : New Delhi



SUBSIDIARY COMPANY



Directors' Report

To,
The Shareholders,
Bharat Heavy Plate and Vessels Limited,
Visakhapatnam.

The Directors are presenting the 45th Annual Report on the business and operations of the Company for the year ended 31st March, 2011.

SALES

The Company achieved a Turnover of ₹136.98 Crore as against ₹ 104.31 Crore in the previous year (i.e., a growth of 31.32% over previous year).

FINANCIAL PERFORMANCE

The salient features of Financial Performance of the Company for the year are as follows:

	(₹ in Crore)	
	2010-2011	2009-2010
1. Turnover	136.98	104.31
2. Gross Margin	3.53	(-) 8.93
3. Interest	1.40	(-) 2.68
4. Depreciation	1.10	1.26
5. Profit / Loss (before Extra-ordinary items)	1.03	(-) 7.51
6. Profit / Loss before tax	8.78	(-) 7.51
7. Profit / Loss after tax	8.78	(-) 8.60
8. Extra ordinary Income	7.75	- Nil -

The Gross Margin for the Year 2010-11 works out to ₹ 3.53 Crore as against ₹ (-) 8.93 Crore in the previous year. The Profit / Loss (before tax) for the year 2010-11 is ₹ 8.78 Crore as against ₹ (-) 7.51 Crore during 2009-10. Your Company could achieve the above performance due to the support extended by the Holding Company (BHEL) by way of financial support, deputing of officials, interest free loan/advances etc.

CONTRIBUTION TO EXCHEQUER

Your Company contributed to the Public Exchequer revenue of ₹ 17.89 Crore during the year 2010-11 as against ₹ 21.76 Crore during 2009-10 as per the details

given below:

	(₹ in Crore)	
	2010-2011	2009-2010
Excise Duty/Service Tax	9.58	9.77
Custom Duty	1.15	1.38
Sales Tax	7.16	10.51
Income Tax/Fringe Benefit Tax	-	0.10
	17.89	21.76

ORDER BOOK

The Company has faced many problems with regard to order inflow because of delay in execution of old and existing orders due to old Plant & Machinery. The increased international competition in terms of price and delivery and stringent pre-qualification criteria made the order book position of the Company critical during the year under review. Your Company could obtain orders mainly from BHEL-Trichy & RINL-Vizag etc. The Company has booked orders of ₹ 415.64 Crore as against the target of ₹ 400 Crore (MOU excellent) and the orders on hand as on 31.03.2011 were worth ₹ 460.45 Crore (as against ₹ 189.70 Crore as on 31.03.2010). 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 Ambuj Sharma, Joint Secretary, DHI was appointed as part time official Director on the Board of BHPV with effect from 29-03-2011 in place of Shri Shashank Goel.
- Shri R.P.Goyal, Director, DHI was appointed as part time official Director on the Board of BHPV with effect from 21-04-2011 in place of Shri Ambuj Sharma.
- Shri A.S.Nagaraja, Directors (Operations), BHPV was entrusted the Additional Charge of the post of MD BHPV and he assumed the charge on 18-05 2011/FN.

- Shri B.D.Kaler was appointed as special Director by Hon'ble BIFR on the Board of BHPV with immediate effect i.e., 25-05-2011 (date of the order).

CESSATION

- Shri S.S. Gupta, MD, BHPV ceased to be the Director with effect from 28-02-2011 in view of his Superannuation in BHPV.
- Shri Shashank Goel, Director, DHI ceased to be part time official Director of the company with effect from 29-03-2011.
- Shri Ambuj Sharma, Joint Secretary, DHI ceased to be part time official Director of the Company with effect from 21-04-2011.

OFFICIAL LANGUAGE IMPLEMENTATION

During the year 2010-11, the company continued its thrust on official language implementation in line with Government of India's policy on Official Languages Act, 1963 and Official Languages Rules, 1976.

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

Hindi workshop on official Noting & Drafting was conducted in June, 2010 for the benefit of 30 employees, who had working knowledge in Hindi.

Hindi day was celebrated on 15th September, 2010. Various Hindi competitions were conducted among employees. Cash Awards and Merit certificates were given to those employees who passed Hindi examinations and to the winners in the competitions. Three Hindi magazines are being procured and distributed regularly.

Employee/Trainees Identity Cards were prepared in Bilingual form and printing of BHPV logo in Bilingual form has been ensured on all the formats of the organization during the year.

MOU for 2011-12 between BHPV and BHEL was prepared in Bilingual form.

VIGILANCE

Your Company continues to take all possible steps to build systems and procedures, which are simple, transparent and easy to comply with by every one concerned so that a transparent and corruption free environment prevails. New works policy in line with the policy of BHEL was approved for its implementation. Vigilance Awareness Week was observed from

25.10.2010 to 01.11.2010 to bring about greater awareness and accountability amongst employees. During the Vigilance Week, besides administering customary Vigilance Pledge, various competitions were arranged for the employees and banners were put-up to demonstrate the company's commitment to acceptance of Vigilance as an essential ingredient of management function and organizational practice. All the directives issued by the Central Vigilance Commission from time to time have been complied with.

QUALITY

BHPV's products are renowned for their high quality. In recognition of the above, BHPV is holding U, U2 & S Stamps of American Society of Mechanical Engineers (ASME) and R and NB Stamps of the National Board of Boiler and Pressure Vessels Inspectors. During the year 2010-2011, BHPV's Quality System was reviewed by the above institutions and the validity of above stamps has been extended till 24th November, 2013.

Similarly Lloyds Register extended the recognition to BHPV as manufacturer of 'Fusion Welded Pressure Vessels Class 1' till 25th August, 2013.

ANCILLARIES / SUB-VENDORS

The total output by the ancillaries / sub-vendors for the year under review is 4400 MT with a Turnover of about ₹ 40.00 Crore as against 230 MT with a Turnover of ₹ 1.60 Crore in the previous year. Vendors are newly registered in 2010-2011 for outsourcing jobs. Efforts are being made to further increase the No. of vendors to meet the targets. Budget of outsourcing for Financial year 2011-12 is ₹ 98.00 Crore.

FOREIGN TOURS

During the year 2010-11, no expenditure was incurred on foreign tours undertaken for business activities.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Sec.217 (2AA) of the Companies Act, 1956, it is hereby confirmed:

- In the preparation of Annual Accounts for the Financial Year ended 31st March, 2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 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 2010-11 and of the Profit of the Company for that period;

- 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;
- the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2011 on a 'going concern' basis.

CORPORATE GOVERNANCE

The Department of Public Enterprises has issued guidelines on Corporate Governance. These guidelines were made mandatory vide OM No-18(8) 2005 GM Dt.14-05-2010. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to Administrative Ministry (DHI) regularly. A report on the Corporate Governance along with Auditor's certificate on Corporate Governance is enclosed as Annexure-2 to the Directors' Report.

OTHER DISCLOSURES

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is detailed as under:

CONSERVATION OF ENERGY

Your Company continued its efforts in taking various measures in the conservation of electricity, LPG, petrol & diesel. Different measures taken to save energy during the year include:

- All the ovens were reconditioned by replacing the heating elements, Thermostats, Control Knobs, wiring etc., resulted in large power saving.
- All the Electrical substations (MRS, T1, T2, T3, T4, T5, Control Room, Generator shed etc), transformers in these substations were overhauled by filtering the oil in Transformers, checking the viscosity of transformer oil, topping up if required and breakers maintenance. These were taken up to avoid breakdown of the sub stations and ensure long life of transformers, breakers etc. The capacitor banks were reconditioned, repaired and taken up for preventive maintenance. After doing the same,

the Power Factor is improved to save losses in power and to reduce Power bill.

- Replacement of Power consuming (higher wattage) Compressors with Energy saving lower wattage Compressors in Air Conditioners in a phased manner. During 2010-11 replaced around 15 Nos of Compressors.
- Installed Timers for automatic switch on/off for shop lighting, street lighting of Factory, Township etc. to reduce the power losses. A cell was formed for energy saving program and the team will be sent for training on energy conservation program.

Power and Fuel cost as a percentage of Gross Turnover, net of Excise Duty, for the year is 2.71% as against 3.11% in the previous year.

RESEARCH & DEVELOPMENT

Company's R&D Department continued its efforts for design and commercial production of new products after development and testing of their prototypes.

The following are some of the important achievements during the year:

- R&D has continued execution of its task of manufacturing, testing and supply of Compact Heat Exchangers of Tejas aircraft for the Series production (SP) order from M/s HAL, Bangalore. During the year, 43 nos. of Compact Heat Exchangers worth ₹ 279.96 lakhs were fabricated, tested and delivered to M/s.HAL, Bangalore.
- R&D has successfully fabricated, tested and supplied 2 nos. of Pre-cooler units (worth ₹ 24.20 lakhs) for Tejas aircraft, to ADA, Bangalore.

TECHNOLOGY UPGRADATION

- Fabrication & Machining of CWP elements for BHEL, Hyd:

Fabrication & Machining facilities for Cooling Water Pump Elements were developed successfully for the first time in BHPV. The critical operations like formation of shells, cones, flanges, mitre bends from Plates of thickness 12thk to 63thk were done with the design guidance of BHEL, Hyderabad. Alignment and checking the concentricity of CWP elements, perpendicularity, parallelity, concentricity of critical Discharge elbow, stress relieving, machining & drilling, hydraulic testing were done successfully with the existing machinery and

completed total 8 sets of 88 elements for Koderma & Durgapur projects.

- Hydraulic testing of Boiler Drums of JSPL with Hydraulic test fixtures:

The boiler drums, fabricated in BHPV till date, were tested with test covers for nozzles. For the first time, the hydraulic testing fixtures were developed in BHPV in line with BHEL, Trichy. The model drawings were obtained from BHEL, Trichy and design & tooling was developed in house and the fabrication of fixtures with mandrels was done in house. Two drums of JSPL of weight 43 MT each, were successfully hydraulic tested with these hydraulic testing arrangements. This helped BHPV in reduction of cycle time of 4 weeks by avoiding welding the test covers and later on machining of 60 nozzles for each drum.

- Development of facilities for completion of higher dia pipe bends for BHEL, Trichy:

On OD 558 x 32thk and OD 660 x 22 thk pipe bends received from BHEL, Trichy, Layout marking, cutting, ovality correction, normalizing & tempering, stress relieving, machining (done by development of end fixtures) operations were performed and the existing facilities of 20 burner, 30 burner furnaces were used successfully complete 21 bends for Mauda & Chandrapur projects.

- Development of Swaged Nipples for JSPL Headers:

51 OD x 4.9 thk swaged nipples were done for the first time on 250 T press by development of pressing tools. Qty of 2200 numbers were completed successfully in house.

FOREIGN EXCHANGE EARNINGS & OUTGOINGS

Foreign exchange valued at ₹ 5.21 Crore was spent towards procurement of raw material and components, acquisition of engineering, and other expenses for execution of orders quoted with the technical back up of reputed parties abroad. The foreign exchange earnings during the year are valued at NIL.

PARTICULARS OF EMPLOYEES

There was no employee of the Company who received remuneration in excess of the limits prescribed under the Sec.217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ENVIRONMENTAL MANAGEMENT AND POLLUTION CONTROL

Your Company is aware of its responsibility towards the

ill-effects caused through pollution and it has taken various measures to maintain clean and hygienic environment in and around factory premises. A large green belt is maintained in the factory and town-ship. 100 New trees have been raised between security gate & ADM Building.

Necessary statutory consents under Section 25/26 of Water (Prevention and control of Pollution) Act, 1974 and under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 and consent for Hazardous Waste Authorization have been obtained from AP Pollution Control Board which is valid upto 30.04.2011. Process of Renewal Valid upto 30.04.2012 has already been taken up.

AUDITORS

M/s.Sarma & Rao, Chartered Accountants, Visakhapatnam were appointed as the Statutory Auditors of the Company for the year 2010-11. The audited accounts of the Company were presented to the C & AG under Sec.619 of the Companies Act, 1956. The replies to the points referred to in the Auditors Report are given at Annexure-3.

COMMENTS OF C & AG

Comments of Comptroller & Auditor General of India, under Sec.619 (4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31st March, 2011, 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.



A.S. Nagaraja

Managing Director



B. Prasada Rao

Chairman

Date : August 12, 2011

Place : New Delhi / Visakhapatnam

ANNEXURE – 1 TO THE DIRECTORS' REPORT

Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENT:

The Company is an Engineering Industry essentially established to cater to the needs of the requirement of core sector industries like Refineries, Steel, Fertilizer and Nuclear Power etc. It is engaged in manufacture, supply and erection of capital equipments /machinery needed for core industries. The Company has become a fully owned subsidiary of BHEL in the year 2008-09. The company planned capital investment towards up-gradation of Plants & Equipments and Infrastructure. Strategic tie-ups have been arranged for BHEL's total support to enhance Industrial Boiler capability and sharing the load of Trichy, Hyderabad and other plants of BHEL to cater the need of Industrial Boilers & other Boiler components.

OPPORTUNITIES AND THREATS**OPPORTUNITIES**

The Industry has the potential for high growth and the opportunities before the Company are – becoming a hub for industrial boilers for BHEL, supplying Power Plant Components to BHEL and demands in BHPV's existing portfolio.

THREATS

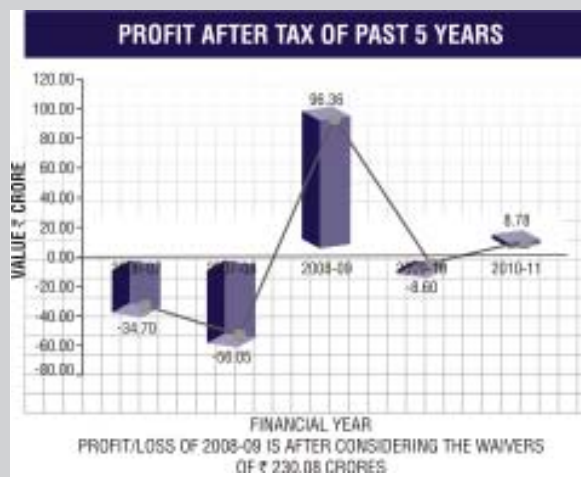
- Stiff competition from private players,
- National and International players under-quoting for conventional jobs.

iii) Rising customer expectations.

iv) Stringent delivery requirement

PERFORMANCE

	(₹ in Crore)	
	2010-11	2009-2010
1. Turnover	136.98	104.31
2. Value Added	58.37	37.40
3. Profit Before Tax	8.78	(-) 7.51
4. Profit After Tax	8.78	(-) 8.60
5. Extraordinary Income	7.75	-
6. Capital Employed	30.71	32.26
7. Gross Block	81.53	80.64
8. Net Block	4.41	4.61
9. Working Capital	26.30	27.65
10. Net Worth	(-) 229.76	(-) 238.54
11. Interest	(+) 1.40	(-) 2.68
Ratios:		
PBDIT as a percentage of Turnover	2.58	(-) 8.56
PAT as percentage of Turnover	6.41	(-) 8.24
Value Added as a % of GTO (net of ED)	46.17	43.10



Major achievements of the year included the manufacture and supply of following critical equipments:

● Boiler drums for MSIL, MRPL and JSPL:

4 Nos. of LP & HP Boiler drums (Wt 10 MT, 25 MT each) for MSIL HRSG boilers, 1 HP boiler drum (Wt 48 MT) for MRPL HRSG boiler and 2 nos. of Boiler drums (Wt 43 MT each) for JSPL BFBC Boiler were completed successfully and dispatched to the customer sites with IBR & Customer inspection clearances. The hot pre bending, hot rolling of 110thk/105 thk shells, hot pressing of Dished ends are critical operations in the fabrication of these boiler drums.

● Modularisation of Economizer & Super heater coils for KONIAMBO Nickel, Newcaledonia:

Assembly, welding of Economiser Coils and Super heater coils for KONIAMBO project were successfully completed. Being an export job, very stringent quality requirements were met by BHPV with inspection of NOBO(LLOYDS) and HT/EK. Economiser Coils & Super heater coils were completed successfully and dispatched by sea.

● Titanium Domes for VSSC:

Fabrication of these Titanium elliptical domes is very critical and a high technology job for VSSC, Thiruvananthapuram. Hot pressing of 20 thk Titanium plates, hot correction and heat treatment to achieve the desired dimensions and stage wise stringent quality requirements of VSSC are some of the criticalities of this job. 14 nos. were successfully completed and supplied to the customer.

● Machining of Water Chambers for M/s. BHEL, Haridwar:

For the first time, machining of Water chambers of size 3610 x 4760 x 80 thk was done in BHPV on the existing Horizontal Boring machine in 4 settings for flange machining. 8 numbers were completed successfully with drilling and tapping operations as per templates.

● SS Terminal Bushing Boxes for M/s. BHEL, Haridwar:

Fabrication, assembly and welding of two SS Terminal Bushing boxes as per customer drawings with SS Plate material was done successfully. The critical operations involved are Higher thk SS welding, distortion control and machining.

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

- (i) Erection of high pressure buffer vessels (8 Nos.) i.e., Oxygen buffer Vessels – 5 Nos., Nitrogen Buffer vessels – 2 Nos. and Argon Buffer Vessel – 1 No. completed successfully at M/s. RINL, Visakhapatnam.
- (ii) Two numbers Liquid Nitrogen tanks have been erected at M/s. LPSC, Mahendragiri.

OUTLOOK

- As per the Draft Rehabilitation Scheme (DRS) approved by BIFR, BHPV aims to cross the ₹1000 Crore Turnover mark by 2015-16 & also to become a positive Net Worth Company by that time.
- BHPV's reputation as a quality supplier of Process Plant equipment continues to help in getting further orders from oil and fertilizers sectors. This coupled with executing more orders from BHEL for Industrial Boilers & HRSGs will significantly contribute to the company's turnover in the coming years and will put BHPV back on track. Continuous efforts are also being made to bag more orders from existing as well as new customers.
- In line with the Modernisation & Capital Investment strategy adopted by the company, an amount of ₹ 230.91 Crore will be invested in the coming years towards renovation and modernisation of the facilities.
- For bridging identified skill gaps at different levels, the process for recruitment of fresh executives and Supervisors has started and will continue for other cadres also during 2011-12.
- In line with the growth agenda, the areas of cooperation between BHPV and BHEL are being worked out in consultation with the business sectors and manufacturing units of BHEL.

AS PER MOU 2011-12, THE TARGETTED PERFORMANCE PARAMETERS:

Order Booking	: ₹ 412.00 Crore
Turnover	: ₹ 325.00 Crore
Profit before Tax	: ₹ 7.28 Crore

RISKS AND CONCERNS:

- Up-gradation of manufacturing facilities to cope up with increasing load in existing and diversified business
- Implementation of better compensation package to improve employees' morale.
- Gain Customer's confidence through speedy completion of existing projects.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.

The company has Internal Audit Department headed by a Dy General Manager and reports to the Managing Director. During the year 2010-11, the company outsourced the Internal Audit function to M/s. Bhaskar Rao & Co., Chartered Accountants for conducting the Internal Audit and to submit Quarterly Reports. The Company has formed an Audit Committee of Directors and the functions of Internal Audit and the Quarterly reports are being periodically reviewed and corrective actions are taken for continuous improvement. The adequacy of internal control procedures is reviewed and reported by the Statutory Auditors in their Audit Report. The Vigilance Department deals with vigilance and disciplinary cases. Your company, being a Government company, is subject to Government Audit also.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.

The total number of employees, as at the end of March 2011, was 1116 as against 1250 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 12 in-company training programs covering 348 employees. The programs

covered Executives, Supervisors & Workers. These programs include, training program on the occasion of Public Sector Day, Hindi Day, Vigilance Awareness Week, Safety Week. Programs on performance management system, computer literacy, work policy, welder's refreshment course, H.R related programs, and spiritual program.

2) Outstation training programs:

37 Employees were sponsored to 16 outstation training programs during the year covering 29 Executives, and 8 Workers. These programs were about Reservation Policy, Corporate Social Responsibility, Taxation, Advanced Welding Techniques, e-governance, medicines & surgeries.

A total of 546 man days of training was achieved against 500 man days as excellent MOU target for 2010-11.

Industrial Relations in the organization continued to be harmonious and cordial. 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.
- The Annual Statement in the prescribed format showing the representation of SCs, STs and OBC as on 01.01.2011 and number of appointments made during the preceeding calendar year, as furnished to the Government, is given at Annexure-A.

MANPOWER STRENGTH OF PHYSICALLY CHALLENGED EMPLOYEES AS ON 01.01.2011:

- Presently we have a total of 25 Physically Challenged Employees as on 01.01.2011. The group-wise manpower in the Company as on 01.01.2011 is given at Annexure-B.

CORPORATE SOCIAL RESPONSIBILITY

As a socially conscious Corporate Citizen, the Company is making efforts to contribute to the Society in the areas of Community Development and Environment Protection. Blood Donation camps were conducted in association with the Indian Red Cross Society. The Company is providing concessional education in English Medium and Special Care School for which ₹ 25.00 lakhs were spent. The Company is contributing towards development in and around the plant particularly in the areas of health care and pollution control. A committee was formed for creating awareness among employees on HIV/AIDS & TB control.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis report describing the Company's objectives, projections, expectations and assumptions may be forward-looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could affect the operations of the Company include economic conditions affecting demand/supply, price conditions in the domestic and international markets, Government policies and regulations, statutes, labour relations and other incidental factors.

ANNEXURE - A

Annual Statement Showing the Representation of SCs, STs and OBCs as on 01/01/2011 and No. of appointments made during the preceding calendar year 2010.

Groups	Representatives of SCs/STs/ OBCs (As on 01/01/2011)				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	229	42	8	25	—	—	—	—	2	1	1	—	—	—
Group – B	42	4	19	10	—	—	—	—	—	—	—	—	—	—
Group – C	783	129	86	182	—	—	—	—	1	—	—	—	—	—
Group – D (Exc. SW)	89	13	—	23	—	—	—	—	—	—	—	—	—	—
Group – D (SW)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1143	188	103	40	—	—	—	—	3	1	1	—	—	—

ANNEXURE - B**REPRESENTATION OF THE PERSONS WITH DISABILITIES**

Groups	No. of employees (Representation)				Direct recruitment during the Calendar year 2010								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	229	—	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Group – B	42	—	1	6	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Group – C	783	2	4	9	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Group – D	89	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Total	1143	2	5	18	—	—	—	—	—	—	—	—	—	—	—	—	—	—		

- (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)
(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

ANNEXURE – 2 TO THE DIRECTORS' REPORT

Corporate Governance Report

Preamble:

Corporate Governance is the application of best Management Practices, compliance of laws of the land in true spirit adoption of best ethical standards for effective Management and distribution of wealth and discharge of social responsibility for sustainable development of all stake holders. Corporate Governance rests on the four fundamental pillars of Fairness, Transparency, Accountability and Responsibility. Corporate Governance thus refers to an economic, legal and institutional environment that allows companies to diversify, grow, restructure, exit and do every thing necessary to maximize long term share holders' value.

Philosophy:

The Company strongly believes that good Corporate Governance practices in the long run lead to creation of wealth for all who are associated with the Company, such as investors, customers, employees, Government, vendors and society at large. The Company has consistently sought to improve its focus on increasing transparency and accountability. As a responsible citizen and a public Authority the Company provides appropriate access to information to the citizens of India under the provisions of the Right to information Act-2005 (RTI Act).

Board of Directors:

The Board was comprising of five Directors up to 28-02-2011. The then Managing Director Shri S.S. Gupta has been relieved from the post on 28-02-2011 due to his Superannuation in BHPV. The Two independent Directors Shri V. Bakthavatsalam & Shri Probir Roy completed their tenure of appointment of

3 years in March 2010. The Board as on 31-03-2011 is having 4 Directors. The Directors shall not require to hold any qualification shares. The appointment of Directors of the Company is made by the President of India.

The terms & conditions of the appointment including the remuneration of all the Whole time/Functional Directors will be issued by the Government of India. The Independent Directors are paid sitting fees as per the guidelines given by Department of Heavy Industries for attending each meeting of the Board / Committee(s) and reimbursed actual expenditure for attending the meetings of the Board / Board committee(s).

The Board meets regularly and is responsible for proper direction and management of the company. The whole time Directors manage the day to day affairs of the company. Advance notice convening the Board Meetings are given to all Directors. Sometimes meetings with shorter notice are convened to meet urgent needs or in case of exigencies, resolutions are passed by circulation. Members of the Board have complete access to all information and are free to call any senior officials during the meeting for additional information/clarification.

Board Meetings and Attendance:

During the financial year ending 31st March-2011, four meetings of the Board of Directors were held and the maximum interval between the any two meetings was not more than Four calendar months. The Board meetings were held on 11-05-2010, 08-09-2010, 29-12-2010 and 30-03-2011. Details of attendance of the Directors at the Board meetings, Annual General Meeting and the number of other Directorships held by them during 2010-11 etc. are furnished below:

S. No.	Name of Directors	Category / Period	Number of Board Meetings during tenure	Meetings Attended	Whether attended AGM	No. of other Directorships held
1.	Shri B.P. Rao	Chairman /From 24-10-2009 FN	4	4	-	2
2.	Shri S.S. Gupta	MD From 31.10.2009 FN Up to 28-02-2011 FN	3	3	Yes Chairman of the Meeting	NIL
3.	Shri Shashank Goel	Part time Non-Official (Govt. Director)/From 17-08-2009 Up to 29-03-2011	3	3	-	5
4.	Shri Ambuj Sharma	Part time Official (Govt. Director)/From 29-03-2011 Up to 21-04-2011	1	1	-	2
5.	Shri P.V. Sridharan	Director (HR) / From 09-11-2009 FN	4	4	Yes	NIL
6.	Shri A.S. Nagaraja	Director (Operations) / From 20-11-2009 FN	4	4	-	NIL

Audit Committee:

The Audit Committee was reconstituted in the 187th Board Meeting held on 22.12.2009 due to reconstitution of Board and induction of 3 whole time/functional Directors and one part time Chairman on the Board. It was reconstituted in 192nd Meeting held on 30.03.2011 due to relieving of Shri S.S. Gupta from the post of MD on 28.02.2011 and nomination of Shri Ambuj Sharma, as part time official Director on the Board of BHPV with effect from 29.03.2011 representing the Government of India, Department of Heavy Industries (DHI) in place of Shri Shashank Goel. The Audit committee was again reconstituted on appointment of Shri R.P. Goyal as part time official Director representing the Government of India, DHI from 21.04.2011 in place of Shri Ambuj Sharma. Four meetings of the Audit committee were held during the year under review. The Annual Accounts of 2010-11 were placed before the Audit committee to approve & recommend to the Board of Directors of the Company for approval in its meeting held on 16-05-2011. As the two Independent Directors completed the tenure of appointment of 3 years in March 2010, there are no Non-official (Independent) Directors in the Audit Committee. The issue for appointment of Non-official Directors has been brought to the notice of DHI.

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, review major accounting policies followed by the company and Annual Financial statements before submission to the Board of Directors of the Company. The Committee has authority to investigate into any matter referred to it by the Board.

General Body Meetings :

Details of last 3 Annual General Meetings:-

Financial year	Date and Time of AGM	Location
2007-08 (42 nd AGM)	24 th December, 2008 at 10.00 a.m.	BHPV Board Room, Visakhapatnam
2008-09 (43 rd AGM)	8 th September, 2009 at 3.30 p.m.	The Park Hotel, Visakhapatnam
2009-10 (44 th AGM)	14 th September, 2010 at 9.00 a.m.	BHPV Board Room, Visakhapatnam

Training of Board of Directors :

The company furnishes set of documents and booklets to the Directors on their joining the Board. This includes

important data about the performance of the Company, Memorandum & Articles of Association, Corporate Governance guidelines, Delegation of powers, Product line brochures etc. A copy of the monograph on position, duties and liabilities of Directors is also circulated among the Directors.

Subsidiary Companies:

The Company is a fully owned subsidiary of BHEL. BHPV does not have any subsidiary company.

Plant Location:

M/s Bharat Heavy Plate & Vessels Ltd.,
Nathayapalem,
Visakhapatnam - 530 012, (Andhra Pradesh)

Disclosures:

There was no materially related party transactions of the company with its Directors or the Management or his relative, a firm in which such a Director or relative is a partner etc. that may have conflict with the interests of the company attracting the provisions of Sec.297 of the Companies Act. The Company is ensuring to make appropriate disclosures and comply with various laws to maintain ethical standards.

Statutory compliance Report together with the status of the statutory dues is being placed before the Board regularly. During the year, presidential directives issued by the Government of India have been complied with by the Company.

During the year, no expenditure is debited to the books and accounts which are not for the purpose of business expenditure and no expenses which are of personal nature have been incurred for the Board of Directors and Top Management.

The Company does not strictly have the mechanism of whistle blower policy. However no personnel/employee having any grievance has been denied access to the Audit Committee.

As the Company is a non-listed Central Public Sector Enterprise, the requirements of the SEBI and Stock Exchanges or provisions of the listing are not applicable. However, during the year under review, the company complied with all the requirements of Subsidiary company, as the Company is 100%, subsidiary of BHEL.

Means of Communication

The Company communicates major achievements and important events taking place in the company through press, electronic media. The company is also hosting the information on its web-site. Being a Government company, the records of the company are open for Audit of C & AG and for inspections by Vigilance / CBI etc.

SARMA & RAO
CHARTERED ACCOUNTANTS**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members,

M/S Bharat Heavy Plate & Vessel Ltd,
Visakhapatnam.

Sirs,

We have examined the compliance of the conditions of the Corporate Governance by M/s. Bharat Heavy Plate & Vessel Ltd, (the Company) for the year ended 31st March, 2011 as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises vide Notification No.18 (8)/2005-GM originally issued on dated 22.06.2007 and revised guidelines vide office Memorandum dated 14th May, 2010 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures mentioned there under (hereinafter referred as 'Guidelines').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in above mentioned guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to the following:

As per Corporate Governance guidelines for a not listed CPSE, at least one third of the Board Members should be Independent Directors and two third of the Members of the Audit Committee shall be Independent Directors. Due to vacancy on account of expiry of the term of Independent Directors from the Board, the company could not meet the conditions. Thus the company did not have Independent Directors on its Board during the year.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned revised 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 SARMA & RAO
Chartered Accountants**K.S.S. SARMA****Partner****Membership No.027181****Firm Regd No.005972S**

Place: New Delhi

Date: 16.05.2011

OFFICE ADDRESS :

Flat No. 302, IIIrd Floor, Raghu Towers, Dabagardens, VISAKHAPATNAM - 530 020. Andhra Pradesh
Telephone : 0891-2525957, 08924-222409, E-mail : sarma_rao@rediffmail.com

AUDITORS' REPORT

ANNEXURE – 3

To THE MEMBERS, BHARAT HEAVY PLATE AND VESSELS LIMITED VISAKHAPATNAM

MANAGEMENT REPLY

We have audited the attached Balance Sheet of Bharat Heavy Plate and Vessels Limited as at 31st March, 2011 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 supercedes our earlier report dated 16th May 2011.

The accounts of the company for the year ended 31st March 2011, as approved by the Board of Directors and certified by us on 16th May 2011 have been reviewed by the Member, Audit Board, Hyderabad and the present report is revised to incorporate certain further clarifications.

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 to in paragraph I above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - (c) the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement

dealt with by this report comply with the Accounting Standards referred to in sub Section (3C) of Section 211 of the Companies Act, 1956;

- (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 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 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, 2011
 - (ii) In the 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 **SARMA & RAO**
Chartered Accountants


K.S.S. SARMA,
Partner.

Date: July 07, 2011
Place: Visakhapatnam

M.No:027181
FRN: 005972S

Annexure to the Auditors' Report

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

- i) (a). The company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b). We are informed that management has generally carried out the physical verification if a portion of the fixed assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification.
- (c). The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

- ii (a). As explained to us physical verification of inventory has been conducted by the management under perpetual inventory programme at regular intervals during the year except for stock of work in progress and finished goods at few work site offices, where these are verified at the year end with reference to the inspection reports and production reports of the Erection Department. In regard to stocks lying with contractors / fabricators and other parties, confirmations were received in a few cases only. In our opinion the frequency of verification is reasonable.
- (b). In our opinion procedures of Physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c). The company has maintained proper records of inventory and the discrepancies noticed on physical verification of inventory with regard to the size and nature of operation of the company were not material and have been properly dealt with in the books of account of the company.
- iii (a). Accounting to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- (b). According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f) to (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- iv In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. Further on the basis of our examination and 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 year within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules 1975 framed there under.

- vii In our opinion, the company has an Internal Audit System commensurate with the size and nature of its business.
- viii The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the Company's nature of business.
- ix (a). According to the information and explanation given to us, and books and records as produced and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, Investor Education and protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and any other material statutory dues as applicable with appropriate authorities.
- (b). According to the information and explanation given to us, there are undisputed amount payable in respect of Income Tax, Sales Tax / VAT, service Tax, Excise Duty, Customs Duty, Cess and other statutory dues outstanding as at 31st march, 2011 for a period of more than six months from the date they become payable.

Sl. No.	Name of Statute	Nature of Dues	Amount (₹ in Crore)
1.	Excise Duty	Sale order assessment (COD not permitted BHPV to appeal further to CESTAT)	2.73

Management Reply :

Subject liability arisen as COD has not given clearance to BHPV to pursue the case in Cestat.

However, this is included in the DRS in the list of waivers/ reliefs sought.

According to the information and explanation given to us, the particulars of Sales Tax, Income Tax, Excise Duty, Service Tax, Customs Duty and Cess which have not been deposited on account of dispute are as under.

Sl. No.	Name of Statute	Nature of Dues	Amount (₹ in Crore)	Forum where dispute is pending
1.	Central Sales Tax Act., & Works Contract Tax Act.	Sales Tax & Works Contract Tax	4.14	1 st Appellate Authority/ Dy. Commissioner / Commissioner
			0.87 0.05	Tribunal High Court/ Supreme Court
2.	Central Excise Act, 1944	Excise duty	3.01 101.55	Commissioner (Appeals) CESTAT, Bangalore
3.	Service Tax under the Finance Act, 1994	Service Tax	0.17 19.04	Commissioner (Appeals) CESTAT, Bangalore
TOTAL			128.83	

- x The company has accumulated losses amounting to ₹ 26357.73 Lakhs as at March 31, 2011 and it has not incurred cash losses in the financial year ended on that date and has incurred cash loss of ₹ 733.89 lakhs 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 debentures holders. However, the company has not yet redeemed some value of Bonds issued during the year 1998-99.

Management Reply :

Being a sick company under reference to BIFR, the company is facing acute funds shortage. Hence some of the payments could not be made. During the current FY, the company has repaid principal amount of ₹ 2.45 crores to 14 unsecured bond holders, being full and final settlement. For the remaining 9 unsecured bond holders liability towards principal and interest amounting to ₹ 8.94 crore (Principal ₹ 2.11 crores plus Interest ₹ 6.83 crores) has been provided in the books of accounts.

- 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 explanation given to us, the company has not obtained any term loan during the year.
- xvii According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- xviii The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix In our opinion, the company has not issued any debentures during the year.
- xx The company has not raised any money by public issue during the year
- xxi During the course of our examination of the books and records of the company, Carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor have we been informed of any such case by the management

For **SARMA & RAO**
Chartered Accountants


K.S.S.SARMA,
Partner.

Date: July 07, 2011
Place: Visakhapatnam

M.No:027181
FRN: 005972S

Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Bharat Heavy Plate & Vessels Limited, Visakhapatnam for the Year Ended 31st March 2011

The preparation of financial statements of Bharat Heavy Plate & Vessels Limited, Visakhapatnam for the year ended on 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 7 July 2011.

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 2011. 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. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No.26 of the Notes forming part of Accounts (Schedule No. 19), I have no further comments to offer upon or supplement to the statutory Auditors' Report, under Section 619 (4) of the Companies Act, 1956.

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



(Y. N. Thakare)

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

Place: Hyderabad
Date: August 01, 2011

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

- 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 ₹ 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

- 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

- 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.

(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.

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

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

- Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.
- 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.
- 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 ₹1 0,000/- or less and those whose written down value as at the beginning of the year is ₹ 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 ₹ 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.
- 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 01.04.2003 :
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

Provident Fund and Employees' Family Pension Scheme contributions are accounted for on accrual basis. Liability for earned leave, 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:
The company provides warranty cost at 2.5% of the revenue progressively as and when it recognizes the revenue and maintain the same through the warranty period.
- 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, 2011

(₹ in Lakh)

Schedule No.	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS		
Shareholders' Funds:		
Share Capital 1	3379.78	3379.78
Funds from Head Office 1A	0.00	0.00
Inter Division Accounts (Cr Balance) 1B	0.00	0.00
Funds to & from Corp. office - CCC A/c (Cr bal) 1D	0.00	0.00
Reserves & Surplus 2	2.01	2.01
	3381.79	3381.79
Loan Funds:		
Secured Loans 3	0.00	183.11
Unsecured Loans 4	26048.40	26897.64
Deferred Tax liability 19B	0.00	0.00
TOTAL	29430.19	30462.54
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block 5	8153.47	8063.56
Less: Depreciation / Amortization to-date	7712.57	7602.65
	440.90	460.91
Add/ Deduct: Lease Adjustment Account	0.00	0.00
Less: Impairment Loss	0.00	0.00
Net Block	440.90	460.91
Capital works-in-progress 6	0.00	0.00
	440.90	460.91
Investments		
Inter Division Accounts (Dr Balance) 1C	1.31	1.31
Funds to & from Corp. office - CCC A/c (Dr bal) 1E		
Deferred Tax Assets 19B		
Current Assets, Loans & Advances		
<u>Current Assets</u>		
Inventories 8	5257.09	4569.06
Sundry Debtors	9559.62	9320.91
Cash & Bank balances	720.99	1564.04
Other Current Assets	0.00	0.00
Loans & Advances 9	8100.04	7213.09
	23637.74	22667.10
Less: Current Liabilities and provisions		
<u>Current Liabilities and provisions</u>		
Current Liabilities 10	18295.21	17792.52
Provisions 11	2712.28	2109.55
	21007.49	19902.07
Net Current Assets	2630.25	2765.03
Misc. Exp (to the extent not written off)	0.00	0.00
Profit and Loss Account Balance	26357.73	27235.29
TOTAL	29430.19	30462.54


Notes to Accounts:

Schedules 1 to 11, 19, 20 & Significant accounting policies form an integral part of the Balance Sheet.

For and on behalf of Board of Directors


A.S.S. SARMA
Company Secretary



SUNITH SHOME
General Manager (Fin)


P.V. SRIDHARAN
Director (HR)


A.S. NAGARAJA
Managing Director

As per our report of even date

For SARMA & RAO
Chartered Accountants


K.S.S. SARMA
Partner

Place: Visakhapatnam
Date: July 07, 2011

Membership No. 027181
Firm Regd. No. 005972S

Profit & Loss Account for the year ended 31st March, 2011

(₹ in Lakh)

	Schedule No.	For the period ended 31.03.2011	For the period ended 31.03.2010
EARNINGS			
Turnover (Gross)	12	13697.54	10431.32
Less: Excise Duty & Service Tax		950.92	700.28
Turnover (Net)		12746.62	9731.04
Other Income	12A	444.28	529.32
Accretion(+)/Decretion(-) to WIP and FG	13	-105.78	-1052.14
Transfers out to other Divisions	14A		
Allocation of Exp to other Divisions (Cr Bal)			
		13085.12	9208.22
OUTGOINGS			
Consumption Materials, Erection & Engg Exp	14	6644.88	4853.58
Employees' Remuneration & Benefits	15	4661.20	4367.36
Other Expenses of Manufacture,			
Administration, Selling and Distribution	16	1189.98	866.11
Provisions	17	236.05	14.45
Interest and Other Borrowing Costs	18	140.14	-268.09
Depreciation & Amortisations & Impairment	5	109.92	125.80
Less: Jobs done for internal use		0.00	0.00
		12982.17	9959.21
Profit (loss) before prior period items & Extra-ordinary items		102.95	-750.99
Income / Expenditure from Extra-ordinary items	18A	774.77	
Profit (loss) before prior period adjustments		877.72	-750.99
Add/ (Less) Prior Period Items (Net)	18B	0.00	0.00
Profit/ Loss before Tax		877.72	-750.99
Less Provision for Taxation	18C	0.00	0.00
For Current Year		0.16	0.34
(Incl. Wealth Tax ₹ 0.16 Lakh (Pr. Year ₹ 0.34 Lakh))			
- Fringe Benefit Tax			
- Deferred Tax			
For earlier years			
- Tax		0.00	108.36
Profit / Loss after Tax		877.56	-859.69
Add: Balance of Profit/ Loss brought forward from last year		-27235.29	-26375.60
Foreign project reserve brought back			
Less: Adj. to PL A/c bal on account of GOI loan waiver			
Adjusted PL A/c Balance		-27235.29	-26375.60
Profit/ Loss available for appropriation		-26357.73	-27235.29
Less: Appropriation			
- Foreign Project Reserve			
- Bonds Redemption Reserve			
- General Reserve			
- Dividend (incl. Interim dividend of ₹ Nil Previous Yr ₹ Nil)			
- Corporate dividend tax (incl ₹ Nil Previous Yr ₹ Nil)			
Balance carried to Balance Sheet		-26357.73	-27235.29

Notes to Accounts:


19, 20

Schedules 5, 12 to 20 & Significant accounting policies form an integral part of the Profit & Loss Account.

For and on behalf of Board of Directors


A.S.S. SARMA
 Company Secretary


SUNITH SHOME
 General Manager (Fin)


P.V. SRIDHARAN
 Director (HR)


A.S. NAGARAJA
 Managing Director

As per our report of even date

For SARMA & RAO
 Chartered Accountants


K.S.S. SARMA
 Partner

 Place: Visakhapatnam
 Date: July 07, 2011

 Membership No. 027181
 Firm Regd. No. 005972S


Cash Flow Statement for the year ended March 31, 2011

(₹ in Lakh)

DETAILS	For the period ended 31.03.2011	For the period ended 31.03.2010
Cash Flow from Operating Activities		
Net Profit for the year	877.56	-859.69
Adjustments for		
Depreciation charge for the year	109.92	125.80
Increase/Decrease in inventory	-688.03	778.76
Decrease in Loans & advances	-886.95	719.61
Increase/Decrease in Debtors	-238.71	-2784.05
Increase/Decrease in Deferred Revenue Expenditure	0.00	0.00
Increase/Decrease in Liabilities	502.69	-494.18
Increase/Decrease in Provisions	602.73	460.16
Total	-598.35	-1193.90
A Net cash flow from Operating Activities	279.21	-2053.59
Cash flow from Investing Activities		
Purchase of Fixed Assets	-89.91	-64.13
Increase/Decrease in investments	0.00	0.00
B Net cash used in Investing Activities	-89.91	-64.13
Cash flow from Financing Activities		
Increase/ Decrease in Secured Loans	-133.00	22.33
Increase/ Decrease in Un Secured Loans	-124.58	3218.74
Interest Waiver (Extra Ordinary items)	-774.77	0.00
C Net Cash generated from Finance Activities	-1032.35	3241.07
Net increase in cash and cash equivalents	-843.05	1123.35
Cash and cash equivalents as at 1st April, 2010	1564.04	440.69
Cash and cash equivalents as at 31st March, 2011	720.99	1564.04



A.S.S. SARMA
Company Secretary


SUNITH SHOME
General Manager (Finance)

For and on behalf of Board of Directors

P.V. SRIDHARAN
Director (HR)


A.S. NAGARAJA
Managing Director

As per our report of even date
For SARMA & RAO
Chartered Accountants


K.S.S. SARMA
Partner

Place: Visakhapatnam
Date: July 07, 2011

Membership No. 027181
Firm Regd. No. 005972S

Schedule-1

Share Capital

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
Authorised :		
3,50,000 Equity Shares of ₹ 1,000/- each	3500.00	3500.00
Issued, Subscribed and paid up :		
3,37,978 (Previous year 3,37,978) Equity Shares of ₹ 1,000 each fully paid up (All the 3,37,978 Equity Shares of ₹ 1,000/- each are held by the Holding Company, M/s. Bharat Heavy Electricals Limited, New Delhi and its nominee).	3379.78	3379.78
TOTAL	3379.78	3379.78

Schedule-1A - 1E

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
1A. Funds from Head Office	0.00	0.00
1B. Inter Division Account (Credit Balance)	0.00	0.00
1C. Inter Division Account (Debit Balance)	0.00	0.00
1D. Funds to & from Corporate Office under Central Cash Credit A/c (Credit Balance)		
1E. Funds to & from Corporate Office under Central Cash Credit A/c (Debit Balance)		
TOTAL	0.00	0.00

Schedule-2

Reserves & Surplus

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
Capital Reserve		
Opening Balance	2.01	2.01
Add: Additions / Adjustments		
Less: Deductions / Adjustments	0.00	0.00
Share Premium A/c	2.01	2.01
Foreign Project Reserve		
Opening Balance		
Add: Additions / Adjustments		
Less: Deductions / Adjustments		
Bond Redemption Reserve		
Opening Balance		
Add: Additions / Adjustments		
Less: Deductions / Adjustments		
General Reserve		
Opening Balance		
Add: Additions / Adjustments		
Less: Deductions / Adjustments		
Profit & Loss Account		
TOTAL	2.01	2.01

Schedule-3

Secured Loans

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
LOANS AND ADVANCES FROM BANKS		
Cash Credit (Cr Balance)	0.00	0.00
(secured by hypothecation of raw materials, components, stores & spares, WIP, FG, book debts and other current assets)		
Packing Credit	0.00	0.00
(secured by hypothecation of raw materials, components, WIP, FG and stores)		
New Bill Market scheme	0.00	0.00
(secured by hypothecation of raw materials, components, WIP, FG and stores and demand bills)		
OTHER LOANS AND ADVANCES		
Debentures / Bonds (Sahara)	0.00	0.00
Loans from State Governments		
Loans from Financial Institutions		
INTEREST ACCRUED AND DUE ON		
From State Governments		
From Financial Institutions / Bonds / Others	0.00	183.11
Debentures / Bonds (Sahara)		
Packing Credit		
TOTAL	0.00	183.11

Schedule-4

Unsecured Loans

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
SHORT TERM LOANS & ADVANCES		
From Banks		
- Commercial Papers		
From Others		
- Companies (BHEL)	25154.23	25154.23
- Financial Institutions		
OTHER LOANS & ADVANCES		
From Banks		
- Post Shipment Credit		
From Others		
- From Govt. of India	0.00	0.00
(due within one yr ₹ lakh (previous yr ₹ Lakh)		
- From State Govt.		
- Financial Institutions		
(due within one yr ₹ lakh (previous yr ₹ Lakh)		
- From Foreign Financial Institutions		
(guaranteed by Govt. of India)		
(due within one yr ₹ lakh (previous yr ₹ Lakh)		
- Post shipment credit - EXIM Bank		
- Credit for assets taken on lease		
- Others (Old Misc Bonds)	210.50	455.50
INTEREST ACCRUED AND DUE ON		
- Post shipment credit		
- Government Loans	0.00	0.00
- State Government Loans		
- Credit for assets taken on lease		
- Financial Institutions / others		
- Foreign Financial Institutions		
- Public Deposits		
- Companies (BHEL)		
- Others (Old Misc Bonds)	683.67	1287.91
TOTAL	26048.40	26897.64

Schedule-5

Fixed Assets

(₹ in Lakh)

Particulars	Gross Block				Depreciation		Net Block		Depn. for the year
	Cost as at 31.03.2010	Additions/ Adjustments during the year	Deduction/ adjustments during the year	Cost as at 31.03.2011	Lease Adjust. A/c	Accumulated Depreciation as at 31.03.2011	As at 31.03.2011	As at 31.03.2010	
Factory / Office Complex									
Free Hold land (incl dev exp)	16.41			16.41			16.41	16.41	
Lease Hold land (incl dev exp)									
Roads, Bridges, Culverts	24.82			24.82		16.72	8.10	8.50	0.40
Buildings	979.43			979.43		870.61	108.82	121.55	12.73
Leasehold Buildings									
Drainage, sewerage, water supply	44.23			44.23		36.15	8.08	9.03	0.95
Railway siding	18.38			18.38		18.38			
Locomotives & wagons	16.61			16.61		16.16		0.45	0.45
Plant & Machinery	5134.71	28.16		5162.87		4997.25	165.62	195.04	57.58
Electronic data processing equipment	449.83	0.56		450.39		442.19	8.20	21.39	13.75
Electrical installations	151.97			151.97		151.97			
Construction Equipment	442.68			442.68		442.68			
Vehicles	55.86			55.86		49.66	6.20	7.20	1.00
Furniture & Fixtures	213.02	4.38		217.40		205.44	11.96	10.72	3.14
Office and other equipments									
Fixed assets costing up to ₹ 10000									
Capital Expenditure									
Assets given on lease									
Assets taken on lease									
- Plant & Machinery									
- EDP Equipment	34.24	56.81		91.05		26.12	64.93	26.26	18.14
- Office and other Equipment									
- Others									
TOTAL (A)	7582.20	89.91		7672.11		7273.79	398.33	416.56	108.14
Township									
Free Hold land (incl development exp)	7.68			7.68			7.68	7.68	
Lease Hold land (incl development exp)									
Roads, Bridges, Culverts	20.05			20.05		9.93	10.12	10.45	0.33
Buildings	387.50			387.50		365.90	21.60	22.65	1.05
Leasehold Buildings									
Drainage, sewerage, water supply	21.57			21.57		18.40	3.17	3.57	0.40
Plant & Machinery									
Electronic data processing equipment									
Electrical installations	35.37			35.37		35.37			
Vehicles									
Furniture & Fixtures	9.19			9.19		9.19			
Office and other equip. taken on lease									
Fixed costing upto ₹ 10000.00									
Capital Expenditure									
TOTAL (B)	481.36			481.36		438.79	42.57	44.35	1.78
TOTAL (A) + (B)	8063.56	89.91		8153.46		7712.57	440.90	460.91	109.92
Previous Year	7999.43	64.13		8063.56		7602.65	460.91	522.58	125.80

Schedule-6

Capital works-in-progress

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
Construction work-in-progress-Civil		
Construction Stores (including in transit)		
Plant & Machinery & other equipments		
- Under Erection/Fabrication/awaiting erection	0.00	0.00
- In transit		
- Leased Assets In transit		
Intangible Assets under development		
TOTAL	0.00	0.00

Schedule-7

Investments (Un-quoted at Cost)

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
LONG TERM		
Shares		
Un-quoted (fully paid up)		
<u>Trade</u>		
126 Equity shares of ₹ 1000/- each (fully paid up) in M/s. Engg. Projects (I) Ltd.	1.26	1.26
<u>Other than Trade</u>		
250 Shares of ₹ 10/- each (fully paid up) in BHPV Employees Consumers Co-operative Stores Limited	0.02	0.02
10 Shares of ₹ 50/- each (fully paid up) in Cuffe Parade Persopolis Premises Co-operative Society Ltd, Mumbai	0.01	0.01
20 Shares of ₹ 50/- each (fully Paid up) in Hill View Co-operative Housing Society Ltd, Mumbai	0.01	0.01
Share money paid in advance to M/s Rita Enterprises, Mumbai for allotment of 50 shares of ₹ 10 each	0.01	0.01
Share money paid in advance to M/s Asish Enterprises Mumbai for allotment of 50 shares of ₹ 10 each	0.00	0.05
TOTAL	1.31	1.31

Schedule-8

Current Assets

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
INVENTORIES @		
(As certified by the management)		
Stores and Spares :		
- Production	290.70	260.06
-Fuel Stores	7.13	9.44
-Miscellaneous	211.20	195.98
Raw material & Components	509.03	465.48
Materials-in-transit	3655.06	2836.06
Materials with Fabricators/Contractors	111.70	111.58
Loose Tools	0.00	
Scrap (Estimated realisable value)	21.51	21.28
Finished Goods	308.05	365.44
Inter Division Transfers in Transit	11.35	49.38
includes:	0.00	0.00
₹ Nil Lakh (previous year ₹ Nil Lakh) towards non-BHEL spares held on behalf of various SEBs / NTPC (pool members) monitored by CEA		
Work-in-progress	1570.45	1638.20
	6187.15	5487.42
Less: Provision for Non-moving stock	930.06	918.36
@ Valued as per Significant Accounting Policy Number 8	5257.09	4569.06
SUNDRY DEBTORS		
-Debts outstanding for a period exceeding 6 months	10601.36	7871.33
-Other Debts (incl. Deferred Debts)	5162.83	7798.10
	15764.19	15669.43
Less:Provision for Doubtful Debts	6204.57	6348.52
Less:Automatic price reduction A/c	0.00	0.00
Sundry Debtors includes Deferred debts	9559.62	9320.91
₹ 2418.00 Lakh (Previous year ₹ 3304.89 Lakh)		
Sundry Debtors include Goods dispatched pending billing		
₹ NIL Lakh (Previous year ₹ 60.20 Lakh)		
TOTAL	9559.62	9320.91
CASH AND BANK BALANCES		
Cash and Stamps in hand	13.58	16.60
Cheques and Demand Drafts in Hand		
Remittances in Transit		
Balances with Scheduled Banks		
- Current A/c	447.91	379.57
- Deposit A/c	259.50	1167.87
Balances with Non- Scheduled Banks	0.00	
TOTAL	720.99	1564.04
OTHER CURRENT ASSETS		
SUMMARY OF CURRENT ASSETS		
INVENTORIES	5257.09	4569.06
SUNDRY DEBTORS	9559.62	9320.91
CASH & BANK BALANCES	720.99	1564.04
OTHER CURRENT ASSETS	0.00	0.00
	15537.70	15454.01

Schedule-9

Loans and Advances

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
LOANS		
Loans to Subsidiary Companies		
Loans to Employees		
Material Issued on Loan		
Loans to Others		
Loans to PSUs		
Interest accrued and or due on loans		
ADVANCES (Recoverable in cash or in kind or for value to be received)		
To Subsidiaries		
To Employees	237.55	206.10
To Purchases	1818.01	1823.57
To Others		
For Capital Exp	2055.56	2029.67
DEPOSITS		
Balance with Customs, Port Trust, Other Govt. Authorities	2103.94	2597.70
With others	308.59	255.22
	4468.09	4882.59
Less: Provision for doubtful loans and advances	556.67	552.93
	3911.42	4329.66
OTHERS		
Prepaid Expenses	5.70	11.34
<u>Claims and other recoverables:</u>		
With Customers	2087.23	2111.24
With Others	586.02	891.45
	2673.25	3002.69
Less: Provision for doubtful claims	2404.34	2404.34
Income Tax Refund due	330.42	669.36
Income tax deducted at source	32.40	34.61
Less: Provision for Taxation	0.00	0.00
Works Contract Tax deducted at source	1291.69	1539.24
Accrued Income	2249.04	14.29
Interest Accrued on Deposits & others	10.45	16.24
TOTAL	8100.04	7213.09

Schedule-10

Current Liabilities

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
Acceptances	0.00	0.00
Sundry Creditors		
- Total outstanding dues of Micro & Small Enterprises (incl. interest)		
- Other Sundry Creditors	2845.31	3183.80
Deposits from Contractors & others	863.15	805.39
Unclaimed Dividend		
Advances from Customers and others	5676.07	4164.61
Other Liabilities	8910.68	9638.72
Interest Accrued and Due		
TOTAL	18295.21	17792.52

Schedule-11

Provisions

(₹ in Lakh)

Particulars	AS AT 31.03.2011	AS AT 31.03.2010
Dividend	0.00	0.00
Corporate Dividend Tax	0.00	0.00
Contractual Obligations	1121.64	518.91
Retirement benefits	0.00	0.00
Others	1590.64	1590.64
TOTAL	2712.28	2109.55

Schedule-12

Turnover (Gross)

(₹ in Lakh)

Particulars	For the period ended 31.03.2011	For the period ended 31.03.2010
Sales less returns (incl. dispatches made to customer ₹ 8935.02 Lakh (previous year ₹ 4621.76 Lakh))	13381.44	9720.52
Income from external erection & other services	316.10	710.80
Revenue from works contract	0.00	0.00
TOTAL	13697.54	10431.32

Schedule-12A

A. Other Operational Income

(₹ in Lakh)

	For the period ended 31.03.2011	For the period ended 31.03.2010
Export Incentives	0.00	0.00
Rental income on leased assets	0.00	0.00
Less: Lease equalisation Income	0.00	0.00
Scrap	78.46	230.63
Receipt from sale/transfer of surplus stock	0.00	0.00
Others	234.08	242.48
TOTAL	312.54	473.11

B. Other Income

(₹ in Lakh)

	For the period ended 31.03.2011	For the period ended 31.03.2010
Profit from sale of Units & Bonds		
Profit from sale of fixed assets	0.00	0.00
Dividend on investments (Long term-trade)	0.01	0.00
Exchange rate variation (Cr)	0.00	0.00
Others (including grants from GOI or R&D projects)	0.00	0.00
TOTAL	0.01	0.00

C. Interest Income

(₹ in Lakh)

	For the period ended 31.03.2011	For the period ended 31.03.2010
From customers	0.00	0.00
From employees	0.00	0.00
From banks	57.76	26.20
From Investments (Current. Other than trade)	0.00	0.00
Inter Division Transactions (Cr Balance)	0.00	0.00
Others	73.97	30.01
(TDS 6.07 Lakh (Previous Year ₹ 1.99 Lakh))		
TOTAL	131.73	56.21
TOTAL OTHER INCOME (A+B+C)	444.28	529.32

Schedule-13

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

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
A. Work-in-Progress				
Closing balance	1570.45		1638.20	
Opening balance	1638.20	-67.75	2563.83	-925.63
B. Stock of Finished Goods:				
Closing balance	11.35		49.38	
Opening balance	49.38	-38.03	175.89	-126.51
Inter Division Transfers in transit				
TOTAL (A+B)		-105.78		-1052.14

Note:

Element of Excise Duty in Finished Goods:

Closing Stock	0.00	0.00
Opening Stock	0.00	14.12

Schedule-14

Consumption of Material, Erection & Engineering Expenses

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
Consumption of Raw Materials & Components	6252.17		3918.16	
Less: transfer out to other divisions	0.00	6252.17	0.00	3918.16
Consumption of Stores & spares	183.34		184.80	
Less: transfer out to other divisions	0.00	183.34	0.00	184.80
Transfer in Materials				
Transfer in other services				
Erection & engineering Expenses		209.37		750.62
TOTAL		6644.88		4853.58

Schedule-15

Employees Remuneration & Benefits

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
Salaries, Wages, Bonus, Allowances and Other benefits	2959.96		3354.40	
Contribution to gratuity fund	776.28		125.93	
Contribution to Provident Fund and Other funds	256.13		268.76	
Group Insurance	0.00		0.00	
Staff Welfare Expenses	668.83		618.27	
TOTAL		4661.20		4367.36

(₹ in Lakh)

	2010-11	2009-10
Directors (including Managing Director)	0.00	0.00
Salary & Allowance	0.00	0.00
Contribution to PF	0.00	0.00
Reimbursement of Medical Expenses		

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

Schedule-16

Other Expenses on Manufacturing, Administration, Selling and Distribution

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
Resident Consultant Charges				
Royalty, Technical Documentation & other consul. charges				
Rent			0.23	
Excise Duty	17.84		9.98	
Power & fuel	342.43		269.90	
Rates & taxes	-20.79		23.00	
Service Tax				
Exchange Rate Variation	6.59		-3.60	
Insurance	11.22		15.29	
Repairs - Buildings	86.29		69.67	
Repairs - Plant & Machinery	107.55		63.41	
Repairs - Others	25.93	219.77	30.66	163.74
Other expenses in connection with export orders				
Loss on investments written off				
Bad Debts and amounts written off				
Carriage outward	155.30		64.40	
Travelling & Conveyance	32.04		81.69	
Miscellaneous expenses	425.58		241.48	
Cash Discount				
Liquidated Damages charged off				
Guarantee Fee				
Price diff. on transfer of stores to divisions under transfer				
Donations				
Corporate Social Expenses				
Loss / premium on redemption of bonds				
Loss on sale of capital assets /fixed assets				
TOTAL		1189.98		866.11
Repairs do not include on dept maint - plant				
Repairs do not include on dept maint - buildings				
Repairs do not include on dept maint - others				
Agency commission - exports				
Exp on R&D	63.25		104.06	
Payment to Auditors (Net of service tax credit claimed)				
- Fees	1.23		1.23	
- Expenses	0.73		0.56	
- Income Tax matters (includes ₹ Nil (Pr Yr ₹ Nil)) to auditors abroad				
- Certification work (includes ₹ Nil (Pr Yr ₹ Nil)) to auditors abroad				
- Other Professional services (includes ₹ Nil (Pr Yr ₹ Nil) to auditors abroad				
Payment to Cost Auditors				
Expenditure on Entertainment	6.55		3.67	
Expenditure on Foreign Travel (for Nil tours (previous year Nil tour))				
Exp on Publicity & Public relations				
Salaries, Allowances, benefits	18.25		22.51	
Other expenses	13.49	31.74	7.23	29.74
Directors Fees		0.05		0.98

Schedule-17

Provisions

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
Doubtful Debts, Liquidated damages and Loans & Advance				
Created During the year			407.51	
Less: Written back during the year	143.94	-143.94	729.70	-322.19
Contractual Obligations				
Created During the year	895.50		505.61	
Less: Written back during the year	292.77	602.73	34.91	470.70
Others				
Created During the year	-222.74		0.55	
Less: Written back during the year		-222.74	134.61	-134.06
TOTAL		236.05		14.45

Schedule-18

Interest & Other Borrowing Costs

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
Interest on:				
Bonds / Debentures / Central / State Govt. Loans	120.42		260.19	
Banks / Financial Institutions	0.00		0.00	
Deferred Credits	0.00		0.00	
Inter Division Transaction (Dr Balance)	0.00		0.00	
Foreign Financial Institutions	0.00		0.00	
Others	19.72		-528.28	
Other Borrowing Costs				
TOTAL		140.14		-268.09

Schedule-18 A

Extra Ordinary Items

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
Income	774.77		0.00	
Expenditure	0.00		0.00	
TOTAL		774.77		0.00

Schedule-18B

Prior Period Adjustments

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
INCOME				
Sales less returns	0.00		0.00	
Interest Income / others	0.00	0.00	0.00	0.00
EXPENDITURE				
Consumption of Raw material & components	0.00		0.00	
Interest	0.00		0.0	
Misc. expenses	0.00	0.00	0.00	0.00
Prior period adjustments (Net)		0.00		0.00

Schedule-18C

Provision for Taxation

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
For Current Year				
- Current Tax		0.16		0.34
(including wealth tax ₹ 0.16 lakh (Pr year 0.34 lakh))				
- Fringe Benefit Tax		0.00		0.00
- Deferred Tax		0.00		0.00
For Earlier Year				
- Tax		0.00		108.36
- Deferred Tax		0.00		0.00
		0.16		108.70

Schedule-19B

Deferred Tax Liability / Deferred Tax Asset

(₹ in Lakh)

Particulars	For the period ended 31.03.2011		For the period ended 31.03.2010	
Deferred Tax Assets		0.00		0.00
Deferred Tax Liability		0.00		0.00
		0.00		0.00

Schedule-19

Notes Forming Part of Balance Sheet and Profit & Loss Account

1. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for are ₹ NIL Lakhs (previous year ₹ 1358.00 Lakhs). The above includes for acquisition of intangible assets.
2. Land and Buildings include 380.48 Acres of land for which formal title transfer deeds have been executed/ registered during the year 2009-10 in line with the Andhra Pradesh Government GO Nos MS 96 Dated 30.04.2007 and 696 Dated 03.10.2008.
3. The impact of providing 100% depreciation on fixed assets costing up to ₹ 10000/- each on profit & Loss A/c is ₹ 8.54 Lakhs. This includes ₹ 7.35 Lakhs of depreciation provided on additions each valuing up to ₹ 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 valued at ₹ 1538.04 Lakhs (Previous Year ₹ 1492.54 Lakhs) held on behalf of customers at their request for which payment received by the company
5. Contingent Liabilities :
Claims against the company not acknowledged as debts include –
 - (a) Income Tax Appeals – ₹ NIL lakhs (Previous Year ₹ 644.77 lakhs) against which an amount of ₹ 231.04 Lakhs was paid under protest / adjusted from refunds (Previous Year ₹ 231.04 Lakhs). In addition to the above, ₹ 31.56 lakhs IT department appeals relate to DTA cases pending before High Court, AP.
 - (b) Sales Tax Demands - ₹ 1152.28 Lakhs (Previous Year ₹ 1665.95 Lakhs), against which ₹ 646.20 Lakhs was paid under protest/ Court orders (Previous Year ₹ 1116.36 Lakhs)
 - (c) Excise duty demands – ₹ 12378.29 Lakhs (Previous Year ₹ 12366.08 Lakhs), against which an amount of ₹ 59.85 lakhs was paid under protest/ Court orders (Previous year ₹ 59.85 Lakhs)
 - (d) Custom duty demands – ₹ NIL (Previous year – ₹ NIL)
 - (e) Court / Arbitration cases – ₹ 3458.14 Lakhs (Previous Year ₹ – 2926.08 Lakhs)
 - (f) Liquidated damages- ₹ NIL (Previous year ₹– NIL)
 - (g) Counter Claim by contractors – ₹ NIL (Previous year – ₹ NIL)
 - (h) Others (including disputed staff cases, wage arrears of employees and English Medium School staff) – ₹ 8929.05 Lakhs (Previous Year ₹ 8929.05 Lakhs)
 - (i) Bank Guarantees outstanding as on 31.03.2011 – ₹ 248.10 Lakhs (Previous Year ₹ 380.33 Lakhs) as per AS-29 guidelines.
 - (j) Corporate guarantees outstanding as on 31.03.2011 – ₹ 2073.76 Lakhs (Previous Year ₹ 789.41 lakhs)
6. Details regarding rentals in respect of assets taken on lease prior to 1.4.2001 are ₹ NIL (Previous Year ₹ NIL)
7. Details of assets taken on lease on or after 1st April 2001 are given below :

SL	Description	Year	Value capitalized
1	Computers/ Peripherals	2009-10	₹ 34.24 Lakh
2	Computers/ Peripherals	2010-11	₹ 56.81 Lakh

8. The amount of borrowing costs capitalized during the year are NIL (Previous Year ₹ 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 Relationship: Holding Company
 - B) Other Related Parties (Key Management Personnel)
Shri S.S.Gupta, Managing Director, BHPV Limited (up to 28.02.2011)
Shri A.S.Nagaraja, Director (Operations), BHPV Limited .

Shri P.V.Sridharan, Director (HR), BHPV Limited

₹ Lakhs

SL	Nature of Transactions	Holding Company i.e. BHEL	Key Management Personnel
1	Purchase of goods	99.81	-
2	Sale of goods	9975.12	-
3	Amounts Due from BHEL	2590.88	-
4	Tour Exp due from BHEL	2.40	-
5	Advance against orders	2320.72	-
6	Loans / Advances Taken	25154.23	-
7	Salary and Allowances	-	-

C) As at 31.03.2011, Seven Holding Company deputed executives are working in BHPV. The salaries and other costs borne by Holding company.

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 ₹ 8731.32 Lakhs (Previous Year ₹ 5230.30 Lakhs)

(b) Cost incurred and recognized profit (less recognized losses) – ₹ 13935.54 Lakhs (Previous year ₹ 24157.69 Lakhs)

(c) Amount of advance received – ₹ 2471.16 Lakhs (previous year ₹ 1109.01 Lakhs)

(d) Amount of retentions (deferred debts) – ₹ 1637.82 Lakhs (Previous year - ₹ 2672.27 Lakhs)

(e) In respect of dues from customers after appropriate netting off

Gross amount due from customers for the contract work as an asset – ₹ 2008.47 Lakhs (Previous year ₹ 6531.16 Lakhs)

Gross amount due to customers for the contract work as a liability – ₹ 1012.11 Lakhs (Previous year ₹ 1103.77 Lakhs)

(f) Contingencies – ₹ NIL (Previous year – ₹ Nil)

The estimates of total costs and total revenue in respect of construction contracts entered on or after 1st April 2003 in accordance with (AS) - 7 Construction contracts are reviewed and updated periodically during the year by a committee and necessary adjustments are made in the current year's account.

12. The Disclosure relating to Derivative

Instruments – NIL (Previous Year NIL)

13. The disclosure relating to suppliers under Micro and Small Enterprise Development Act, 2006 - The company has not received any memorandum (as required to be filled by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2011 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. Company is making all out efforts for reconciliation and realization of long pending sundry debtors.

16. Disclosure requirements of Accounting Standards 5, 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 Earnings per share (EPS) is as below.

(₹ in Lakh)

SL No.	Description	2010-11	2009-10
1	No. of Shares	337978 Nos	337978 Nos
2	Profit / Loss before considering Extra Ordinary Items	102.79	(-) 859.69
3	EPS before considering Extra Ordinary Items	0.0003	(-) 0.002
4	Profit / Loss after considering Extra Ordinary Items	877.56	(-) 859.69
5	EPS after considering Extra Ordinary Items	0.0025	(-) 0.002

(c) Accounting Standard 22 - In the absence of certainty on the availability of future taxable income, the deferred tax asset / liability is not recognized.

(d) Accounting Standard 27 – The Company did not have any Joint Ventures.

(e) Accounting Standard 28 - Impairment of assets has not been carried out as per AS-28, as there is no indication of a potential loss on impairment of assets.

(f) The disclosure requirement of Accounting Standard 5 was properly complied with.

17. Information with regard to Part IV of Schedule VI of Companies Act, 1956 is enclosed (Schedule 20).

18. The Company has complied with the provisions of AS 15 and operating the system of making liability for Gratuity and Leave salary based on Actuarial Valuation. An amount of ₹ 1706.27 Lakhs (Previous year ₹ 1374.32 Lakhs) is provided towards Gratuity and ₹ 702.41 Lakhs (Previous year - ₹ 1098.37 Lakhs) is provided towards Leave Salary. The calculation of Gratuity as per Actuarial Valuation is as follows.

(₹ in Lakh)

SL No	Details of Gratuity and Leave Salary Provisions	Gratuity	Leave Salary
1	Opening Defined Benefit Obligation	1374.32	1098.37
2	Interest Cost	109.94	87.87
3	Current Service Cost	65.03	117.99
4	Benefits Paid	-(443.90)	-(136.16)
5	Actuarial (Gains) / Losses on Obligation	600.86	(465.66)
6	Closing Defined Benefit Obligation	1706.27	702.41

19. Foreign Exchange Inflow & Outflow: Foreign Exchange Inflow is NIL (Previous Year NIL). Foreign Exchange Outflow is ₹ 521.24 Lakhs (Previous Year ₹ 1129.22 Lakhs) towards import of Raw Material.

20. The Company is consistently following the method of valuation of WIP. The Company is confident of controlling the future cost and containing them within the estimates.

21. No amount is paid/ payable by the Company under Section 441A of the Companies Act, 1956 (cess on turnover) since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.

22. The outstanding amounts due to various secured and unsecured bond holders have been negotiated for settlement during the year. Some of them have agreed for the company proposal and accordingly their dues were settled during the year. In this process, an amount of ₹ 774.77 lakhs availed as interest waiver and the same is reversed.

23. 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. The company has submitted "Fully Tied Up Draft Rehabilitation Scheme (DRS)" to BIFR through Operating Agency (OA) as per the directions of BIFR. Honourable BIFR has approved DRS in the Hearing dated 21.10.2010 and intimated Sanction of the Scheme vide its order dated 10.11.2010.

24. The Company has changed its Accounting Policy in line with holding company policy, in respect of Leave Liability and Provision for Warranties during the year. The impact on account of change of accounting policies on Profit & Loss Account is as under.

SN	Description	Impact ₹ Lakhs	Impact on P&L A/c
1	Leave Liability	414.02	Increase in Profit
2	Provision for warranties	348.73	Decrease in Profit
3	Effect on turnover of AS7 sale orders	415.39	Increase in Profit

25. Previous year's figures have been rearranged / regrouped wherever practicable to make them comparable to current year's presentation and rounded off to the nearest lakhs.

26. In terms of GOI letter F.No.1 (11)/2004-PE (IV) dt. 07/05/08, BHEL has infused ' 34 crore to BHPV as additional capital. The Authorized share capital is to be increased before issue of additional share capital of above amount. Board of directors have examined the proposal of amendments to the Clause in Memorandum of Association and Article in Articles of Association to increase Authorized Share Capital and directed to send the proposed amendments to Department of Heavy Industries for vetting. Accordingly, the documents were sent to DHI for vetting. Pending receipt of DHI clearance, the amount received from BHEL towards share capital is considered as advance and is shown under Un-secured creditors in the Balance sheet.

The Balance Sheet, Profit & Loss Account and Notes forming part account approved by Board of Directors on 16.05.2011 and certified by the Auditors on 16.05.2011, have been modified in the light of provisional comments made by the Comptroller and Auditor General of India during the course of audit under section 619 (4) of the Companies Act, 1956. The modifications are (a) incorporation of ₹ symbol, (b) the table showing impact on account of change in the accounting policy at Point No 24 (c) Additional disclosure vide Point No 26, in respect of Share Capital Advance received from BHEL (d) Disclosure in the Cash Flow Statement regarding Extra Ordinary Income / Interest waiver.

Quantitative & Other Data as Classified and Certified by Management for 2010-11

1. TURNOVER, CLOSING AND OPENING STOCKS

	TURNOVER		CLOSING STOCK		OPENING STOCK	
	Tonnes(EQ)	₹ in Lakh	Tonnes(EQ)	₹ in Lakh	Tonnes (EQ)	₹ in Lakh
i) FERTILIZER, CHEMICALS AND OTHER EQUIPMENT	5204 (965)	4433 (4081)	2 (2)	11 (12)	2 (46)	12 (109)
ii) CRYOGENIC PLANT & VESSELS	486 (785)	1222 (1980)	0 (0)	0 (0)	0 (34)	0 (57)
iii) INDUSTRIAL BOILERS	6684 (3351)	7092 (3670)	0 (85)	0 (37)	85 (8)	37 (10)
TOTAL	12374 (5101)	12747 (9731)	2 (87)	11 (49)	87 (88)	49 (176)

NOTE: Figures in brackets indicate previous year's figures

2. RAW MATERIAL, COMPONENTS AND STORES & TOOLS CONSUMED

	2010-11		2009-10	
	QTY.	VALUE (₹ in Lakh)	QTY.	VALUE (₹ in Lakh)
A. RAW MATERIAL AND COMPONENTS:				
1. CS PLATES (IN TONNES)	2823	1246	1875	813
2. SS PLATES (IN TONNES)	101	258	47	164
3. CS TUBES (IN METERS)	65971	450	249	21
4. SS TUBES (IN METERS)	3488	119	3508	58
5. HE TUBES (IN NUMBERS)	12161	808	6006	414
6. OTHER IRON & STEEL MATERIAL INCLUDING COMPONENTS		3371		2448
TOTAL A:		6252		3918
B. STORES & LOOSE TOOLS		183		185
TOTAL (A + B)		6435		4103

	(₹ in Lakh)	
	2010-11	2009-10
3. (a) VALUE OF IMPORTS (CIF)		
1. a. Raw Materials & Components	532	1162
b. Materials in Transit	67	0
2. Spares	16	0
3. Capital Goods	0	28
(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

	(₹ in Lakh)	
	2010-11	2009-10
(c) Break-up of Imported and Indigenous Raw Materials, Components and Spare Parts consumed		
1. Value of all Imported Raw Materials including Components and Spare Parts consumed during the year	468	995
2. Value of Indigenous Material including Components and Spare Parts consumed during the year	5967	2923
Total	6435	3918
3. Percentage of Item (1) to Total Consumption	7.27	25.40
4. Percentage of Item (2) to Total Consumption	92.73	74.60
(d) Amount remitted in foreign currencies on account of dividends	Nil	Nil
(e) Earnings in foreign Exchange		
1 Supplies - (FOB)	0	0
2 Services	0	0

	Licensed Capacity	Installed Capacity	Production certified by Management
4 Licences and Installed Capacities and Production:	23,210 MT	23,210 MT	12289 MT
(as certified by the Management)			
a) Fertilizer and Chemical Equipment (including Diversified Products detailed at 'b' hereunder)			
b) Diversified Products taken up for effective utilisation of the Installed Capacity			

	Licensed Capacity	Installed Capacity	Actual Qty. (Nos.)	Production MT (Equivalent)
i) Air & Gas Separation Plants:				
a) Small Plants upto 1000 NM ³ /hr	24 Nos	}		
b) Plants above 1000 NM ³ /HR and upto 17000 NM ³ /hr	4 Nos.	}		
ii) Multilayer Vessels	₹ 96 lacs	}		
iii) Cylinder for Chlorine & Sulphur Dioxide	3000 Nos.	}		
iv) Continuous Cooking Plants with necessary Accessories	2 Nos.	}	included in (a) Above	
v) Evaporation Units for Paper Industry	2 Nos.	}		
vi) Cryobiological Containers	4000 Nos.	}		
vii) Industrial Boilers 50 to 200 TPH	6000 MT	}	₹ 7055 lakh	6599 MT
viii) Finned Tube Air Coolers	₹ 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/ ₹ 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 12289 MT (equivalent) is inclusive of 6599 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)

Balance Sheet Abstract and Company's General Business Profile

i) Registration details :

Registration No.

1 2 0 2

State Code

0 1

Balance Sheet

3 1 0 3 1 1

Date Month Year

ii) Capital raised during the year (Amount in ₹ Lakh)

Public Issue

Rights Issue

NIL

NIL

Bonus Issue

Private Placement

NIL

NIL

iii) Position of mobilisation and deployment of funds (Amount in ₹ Lakh)

Total Liabilities

2 9 4 3 0

Total Assets

2 9 4 3 0

Sources of Funds

Paid Up Capital

3 3 8 0

Reserves & Surplus

2

Secured Loans

0

Un-Secured Loans

2 6 0 4 8

Application of Funds

Net Fixed Assets

4 4 1

Investments

1

Net Current Assets

2 6 3 0

Misc. Expenditure

N I L

Accumulated Losses

2 6 3 5 8

iv) Performance of Company (Amount in ₹ Lakh)

Turnover

1 2 7 4 7

Total Expenditure

1 2 9 8 2

Profit Before Tax

8 7 8

Profit After Tax

8 7 8

Earning Per Share

N I L

Dividend rate %

N I L

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

Product description

Item Code No.

Heat Exchangers

8 4 1 9 0 0

Pressure Vessels

8 4 7 9 1 0

Air preheaters Boilers

8 4 0 4 1 0



A.S.S. SARMA
Company Secretary



SUNITH SHOME
General Manager (Fin)

For and on behalf of Board of Directors



P.V. SRIDHARAN
Director (HR)

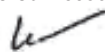


A.S. NAGARAJA
Managing Director

As per our report of even date

For SARMA & RAO

Chartered Accountants


K.S.S. SARMA

Partner

Membership No. 027181

Firm Regd. No. 005972S

Place: Visakhapatnam

Date: July 07, 2011

Auditors' Report to the Board of Directors on the Consolidated Financial Statements of Bharat Heavy Electricals Limited, its Subsidiaries and Joint Ventures.

We have audited the attached consolidated Balance Sheet of **BHARAT HEAVY ELECTRICALS LIMITED** and its Subsidiaries and Joint Ventures (BHEL Group) as at March 31, 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that:

1. The audit of the following entities in BHEL group has been carried out by the other auditors whose report has been furnished to us, and our opinion, in so far as it relates to Assets, Revenue and Net cash flows for the entities, is based solely on the reports of the other auditors.

(₹ in Crore)

Share in Jointly Controlled Entities

Name of the company	Assets	Revenues	Net cash flows
A. Subsidiary			
BHARAT HEAVY PLATE AND VESSELS LTD	240.84	141.41	(-) 8.43
B. Joint Ventures			
NTPC - BHEL POWER PROJECTS LTD	70.99	55.30	(-) 8.02
BHEL - GE GAS TURBINE SERVICES PVT LTD	103.91	212.13	25.30

2. In respect of the following Joint Ventures we did not carry out the audit. Our opinion, in so far as it relates to the assets and revenues included in respect of these Joint Ventures, is based solely on the provisional financial statements as furnished to us by the management. Since the financial statement of these joint ventures for the financial year ended March 31, 2011 were not audited, any subsequent adjustment to the balances could have consequential effects on the attached consolidated financial statements. However the size of Joint Venture in the consolidated financial position is not significant in relative terms.

(₹ in Crore)

Share in Jointly Controlled Entities

Name of the company	Assets	Revenues	Net cash flows
UDANGUDI POWER CORPORATION LTD.	33.93	0.11	(-) 0.23
DADA DHUNIWALE KHANDWA POWER LTD.	2.52	-	2.27
RAICHUR POWER CORPORATION LTD.	431.19	-	1.89

3. A subsidiary company has been incorporated on January 19, 2011 under the name of BHEL Electrical Machines Limited. There is no major financial activities except equity contribution, further the first financial year has commenced from January 19, 2011 and shall end on March 31, 2012 and as such the accounts has not been consolidated.
4. The accounts of POWER PLANT PERFORMANCE IMPROVEMENTS LTD & BARAK POWER PRIVATE LTD. a Joint Venture of BHEL has not been consolidated as the said companies are under liquidation and full amount of equity investment has been provided for diminution in the value of investment.
5. The consolidated financial statement have been prepared by the Company in accordance with the requirement of Accounting Standard (AS)-21 "Consolidated Financial Statements" and AS-27 "Financial Reporting of interests in joint ventures" issued by The Institute of Chartered Accountants of India and on the basis of the separate financial statements of Bharat Heavy Electricals Limited and its Subsidiary and Joint Venture included in the Consolidated Financial Statement.
6. Subject to Para 3 above, we report that on the basis of the information and explanations given to us and on the consideration of the individual audited financial statement as stated in Para 1 above, and provisional financial statements as stated in Para 2 above, of the BHEL Group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In case of Consolidated Balance Sheet, of the state of affairs of the BHEL Group as at 31st March 2011.
 - (ii) In cases of Consolidated Profit and Loss Account, of the profit of the BHEL Group for the year ended on that date: and
 - (iii) In case of Consolidated Cash Flow Statement, of the Cash flows of the BHEL Group for the year ended on that date.

For S.N. Dhawan & Co.

Chartered Accountants

FRN - 000050N



(Suresh Seth)

Partner

M.No. 010577

For Gandhi Minocha & Co.

Chartered Accountants

FRN - 000458N



(Bhupinder singh)

Partner

M.No. 092867

Date: May 23, 2011

Place: New Delhi

Significant Accounting Policies

1 Basis of preparation of Financial Statements

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

2 Fixed Assets

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

3 Leases (FINANCE LEASE)

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

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

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

Finance income is recognized over the lease period.

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

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

Finance income is recognized over the lease period.

Initial direct costs are expensed at the commencement of lease.

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

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

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

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

OPERATING LEASE

Assets Given on Lease:

Assets manufactured and given on operating lease are capitalized. Lease income arising there from is recognized as income over the lease period.

Assets Taken on Lease:

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

4 Intangible Assets

A. Intangible assets are capitalized at cost if

- a. it is probable that the future economic benefits that are attributable to the asset will flow to the company, and
- b. the company will have control over the assets, and
- c. the cost of these assets can be measured reliably and is more than ₹10,000/- Intangible assets are amortized over their estimated useful lives not exceeding three years in case of software and not exceeding ten years in case of others on a straight line pro-rata monthly basis.

B. a. Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.

- b. Expenditure incurred on Development including the expenditure during the development phase of Research & Development Project meeting the criteria as per Accounting Standard on Intangible Assets, is treated as intangible asset.

- c. Fixed assets acquired for purposes of research and development are capitalized.

5 Borrowing Costs

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

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

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

6 Depreciation

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

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

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

- (ii) Fixed assets used outside India pursuant to long term contracts are depreciated over the duration of the initial contract.
- (iii) Fixed assets costing ₹10, 000/- or less and those whose written down value as at the beginning of the year is ₹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 ₹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 ₹ 5000/- each are depreciated in full in the year of purchase.

In the case of Raichur Power Corporation Limited (50% JV)

Depreciation is provided on straight line method at the rates prescribed in the Electricity Supply Act 1948. In respect of assets for which rates are not specified in the Electricity Supply Act 1956, depreciation is provided at the rates specified under schedule XIV of the Companies Act 1956.

Assets are depreciated to the extent of 90% of the cost and 10% is retained as residual value.

Depreciation on additions to assets is provided for the full year irrespective of the date of addition.

In the case of NTPC BHEL POWER PROJECTS PVT LTD,

Depreciation on fixed assets is charged upto the total cost of the assets on a straight line method as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

In the case of UDANGUDI POWER CORPORATION LTD.

Depreciation on some assets is provided on the straight line method based on useful life of assets as estimated by management. Depreciation on other assets is provided on Straight line method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956. Depreciation for assets purchased/sold during the period is proportionately charged. 100% depreciation is charged on assets acquired for price up to ₹ 5000/-, Management estimates useful life of assets as follows

- | | |
|---------------------------|---------|
| 1. Temporary Shed | 1 Year |
| 2. Computer & Accessories | 5 Years |

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.

In the case of BGGTS (50% JV)

Traded stock is valued at the lower of cost and net realizable value. Cost is determined under the first-in-first-out method.

9 Revenue Recognition

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

- A. For construction contracts entered into on or after 1.4.2003

Revenue is recognized on percentage completion method based on the percentage of actual cost incurred up to the reporting date to the total estimated cost of the contract.

- B. For all other contracts

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

recognized at realizable value based on percentage of work completed.

- (iv) Income from supply/erection of non-BHEL equipment/systems and civil works is recognized based on dispatches to customer/work done at project site.

10 Accounting for Foreign Currency Transactions

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

11 Translation of Financial Statements of Integral Foreign Operations

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

In the case of BGGTS (50% JV)

Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the year end. The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract. The exchange differences on such a forward contract is the difference between i) the foreign currency amount of the contract translated at the exchange rate on the reporting date, or the settlement date where the transaction is settled during the period and (ii) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract or the last reporting date. Any profit or loss arising on such cancellation or renewal of such a forward contract is recognised as income or expense for the year.

12 Employee Benefits

Provident Fund and Employees' Family Pension Scheme contributions are accounted for on accrual basis. Liability for Earned Leave, Half Pay Leave, 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:** The company provides warranty cost at 2.5% of the revenue progressively as and when it recognises the revenue and maintain the same through the warranty period.
- (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, 2011

(₹ in Crore)


Schedule No.		AS AT 31.03.2011		AS AT 31.03.2010	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	489.52		489.52	
Reserves & Surplus	2	19665.56	20155.08	15406.46	15895.98
Loan Funds					
Secured Loans	3			1.83	
Unsecured Loans	4	270.17	270.17	146.47	148.30
			20425.25		16044.28
APPLICATION OF FUNDS					
Fixed Assets & Intangible Assets					
Gross Block	5	8344.13		6857.57	
Less: Depreciation/Amortisation		4734.24		4234.54	
		3609.88		2623.03	
Less : Lease Adjustment Account		0.18		14.22	
Net Block		3609.70		2608.81	
Capital Work-in-Progress	6	2202.77	5812.47	1552.38	4161.19
Investments	7		11.30		5.94
Deferred Tax Assets Net (Refer note no. 22 of Schedule 19)			2165.17		1528.62
Current Assets, Loans and Advances					
Current Assets	8				
Inventories		11017.49		9283.78	
Sundry Debtors		27510.46		20792.61	
Cash & Bank Balances		9706.40		9856.42	
Other current assets		310.17		407.27	
Loans and advances	9	3076.36		2662.18	
		51620.88		43002.27	
Less:					
Current Liabilities & Provisions					
Current Liabilities	10	31568.03		28211.21	
Provisions	11	7620.36		4444.88	
		39188.39		32656.09	
Net current assets			12432.49		10346.18
Pre Operative Expenses			0.06		
Preliminary Expense			3.76		2.36
			20425.25		16044.28
Notes to Accounts	19				

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

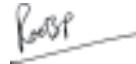


(I. P. Singh)
Company Secretary

For and on behalf of Board of Directors



(O.P. Bhutani)
Director (E, R&D & Finance)



(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached
For S.N. Dhawan & Co.
Chartered Accountants
FRN-000050N



(Suresh Sethi)
Partner
M. No. 10577

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



(Bhupinder Singh)
Partner
M. No. 092867

Date : May 23, 2011
Place : New Delhi

Consolidated Profit & Loss Account for the year ended 31st March, 2011

(₹ in Crore)

	Schedule No.	For the year ended 31.03.2011	For the year ended 31.03.2010
EARNINGS			
Turnover (Gross)	12	43635.73	34453.80
Less: Excise duty & Service Tax		1781.07	1299.32
Turnover (Net)		41854.66	33154.48
Interest & other income	12A	1710.51	1662.99
Accretion/Decretion to Work-in-Progress & Finished Goods	13	126.18	775.80
		43691.35	35593.27
OUTGOINGS			
Consumption of Material, Erection and Engineering Expenses	14	23366.65	20863.03
Employees' remuneration & benefits	15	5452.60	6590.20
Other expenses of Manufacture, Administration, Selling and Distribution	16	2556.68	2084.01
Provisions (net)	17	2721.46	-933.79
Interest & other borrowing costs	18	56.38	36.69
Depreciation and amortisation	5	546.37	460.26
Less: Cost of jobs done for internal use		68.51	120.87
		34631.63	28979.53
Profit before prior period items		9059.72	6613.74
Add/(Less): Extra-ordinary items		7.75	
Add/(Less): Prior period items (Net)	18A	-1.79	7.15
Profit before tax		9065.68	6620.89
Less: Provision for taxation			
For Current Year			
-Current Tax		3730.32	2020.78
(incl. wealth tax ₹ 0.23 Crore (Previous year ₹ 0.14 Crore))			
-Deferred Tax		-636.55	312.39
		3093.77	2333.17
For earlier years			
-Tax (incl. Income Tax abroad ₹ 12.89 Crore (Previous year ₹ 26.77 Crore))		0.00	-34.58
-Fringe Benefit Tax		-81.45	-4.62
		3012.32	2293.97
Profit after tax		6053.36	4326.92
Add: Balance of profit brought forward from last year		537.96	562.07
Foreign Project Reserves written back			1.39
Profit available for appropriation		6591.33	4890.38
Less: Appropriation-			
—General Reserve		4002.87	3002.52
—Dividend (incl interim dividend of ₹ 660.04 Crore, previous year ₹ 550.13 Crore)		1541.81	1155.81
—Corporate Dividend tax (incl ₹ 109.63 Crore on interim dividend, previous year ₹ 93.49 Crore)		252.67	194.09
Balance carried to Balance Sheet		793.97	537.96
Earning per share in ₹ (Basic & Diluted) (Refer note no.21 of Sch-19)		123.66	88.39
Face Value per Share (in ₹)		10.00	10.00


Notes to Accounts 19

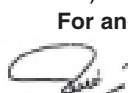
Schedules 5,12 to 19 & Significant accounting policies form an integral part of the Profit & Loss Account.


Total Income includes ₹ 267.43 Crore (previous year ₹ 221.87 crore) share of jointly controlled entities.

Total Expenditure includes ₹ 216.20 Crore (previous year ₹ 182.97) share of jointly controlled entities.

For and on behalf of Board of Directors


(I. P. Singh)
Company Secretary


(O.P. Bhutani)
Director (E, R&D & Finance)


(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached
For S.N. Dhawan & Co.
Chartered Accountants
FRN-000050N

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


(Suresh Sethi)
Partner
M. No. 10577


(Bhupinder Singh)
Partner
M. No. 092867

Date : May 23, 2011
Place : New Delhi

Consolidated Cash Flow Statement for the year ended March 31, 2011

(₹ in Crore)


	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit and Loss Account	9065.68	6620.89
Adjustment for		
Depreciation/Amortisation	546.69	460.46
Lease Equalisation	-14.05	-27.00
Provisions (Net)	628.04	799.45
Bad debts & LD written off	40.46	142.90
Profit on sale of Fixed assets	-4.27	-0.30
Interest paid	56.38	36.77
Interest/Dividend Income	-647.34	-832.62
Operating Profit before Working Capital changes	9671.59	7200.56
Adjustment for		
Increase/(decrease) in Trade & Other Receivables	-7468.19	-5609.91
Increase/(decrease) in Inventories	-1744.55	-1395.82
Increase/(decrease) in Trade Payable & Advances	6083.40	3348.25
Cash generated from operations	6542.26	3543.08
Direct Taxes Paid (Net of refunds)	-3843.17	-1912.98
NET CASH INFLOW FROM OPERATING ACTIVITIES	2699.09	1630.10
B. CASH FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-2186.07	-1727.93
Sale and Disposal of Fixed Assets	6.50	8.65
Purchase of Investments	-5.36	0.00
Interest & Dividend Receipts	745.73	777.49
NET CASH USED IN INVESTING ACTIVITIES	1439.20	941.78
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	129.21	-20.71
Dividend Paid (including tax on dividend)	-1473.81	-1106.36
Interest paid	-65.30	-34.28
NET CASH USED IN FINANCING ACTIVITIES	1409.91	1161.35
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	-150.02	-473.04
Opening Balance of Cash and Cash Equivalents	9856.42	10329.46
Closing Balance of Cash and Cash Equivalents	9706.40	9856.42

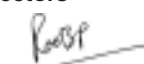
Note 1 : Cash & Cash Equivalents consists of cash and bank balance & fixed deposits with banks.

2 : Previous year's figures have been regrouped/rearranged wherever necessary.

3 : Cash & Cash Equivalents includes ₹ 3.74 Crore (₹1.61 Crore) unclaimed dividend lying in designated bank accounts


(I. P. Singh)
Company Secretary

For and on behalf of Board of Directors

(O.P. Bhutani)
Director (E, R&D & Finance)


(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached
For S.N. Dhawan & Co.
Chartered Accountants
FRN-000050N

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


(Suresh Seth)
Partner
M. No. 10577


(Bhupinder Singh)
Partner
M. No. 092867

Date : May 23, 2011
Place : New Delhi

Schedule-1

Share Capital

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Authorised		
200,00,00,000 (prev year 200,00,00,000) equity shares of ₹ 10 each	2000.00	2000.00
Issued, Subscribed & Paid up Capital	489.52	489.52
48,95,20,000 fully paid (prev year 48,95,20,000) Equity Shares of ₹ 10/- each of which 7,41,11,200 shares (prev year 7,41,11,200) allotted for consideration other than cash and 24,47,60,000 shares (prev. year 24,47,60,000 shares) allotted as bonus shares	489.52	489.52

Schedule-2

Reserves & Surplus

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Capital Reserve		
Opening Balance	2.74	2.74
Less: Deductions/ Adjustments	0.00	0.00
	2.74	2.74
Foreign Project Reserve		
Opening Balance	0.00	1.38
Less: Deductions/ Adjustments	0.00	1.38
	0.00	0.00
General Reserve		
Opening Balance	14865.91	11863.39
Add: Transferred from Profit & Loss Account	4002.87	3002.52
	18868.78	14865.91
Profit & Loss Account		
Profit & Loss Account	793.97	537.96
Less: Adjustments	-0.07	0.15
	794.04	537.81
	19665.56	15406.46

Includes ₹ 45.13 Crore (previous year ₹ 31.28 Crore)share of jointly controlled entities.

Schedule-3

Secured Loans

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Debentures / Bonds	0.00	0.00
From Financial Institutions	0.00	1.83
Packing credit & others	0.00	0.00
	0.00	1.83

Schedule-4

Unsecured Loans

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
<u>Short Term Loans</u>		
From Banks	93.11	4.56
From Others	0.00	1.01
From Companies	6.43	0.00
- Credits for Assets taken on lease		
(Due within one year ₹ 53.55 Crore (Previous year ₹ 47.42 Crore))	157.69	122.44
<u>Interest accrued and due on:</u>		
- State Government Loans	2.33	2.33
- Credits for Assets taken on lease	3.75	3.26
- Financial Institutions & others	6.86	12.87
	270.17	146.47

Includes ₹ 97.87 Crore (previous year ₹ 1.29 Crore) share of jointly controlled entities.

Schedule-5

Fixed Assets - Consolidated

(₹ in Crore)

Particulars	Gross Block			Depreciation			Net Block		
	Cost as at 31.03.2010	Additions/ adjustments during the year	Deductions/ adjustments during the year	Cost As at 31.03.2011	Lease adjustment Account	Depreciation/ Amortisation upto 31.03.2011	As at 31.03.2011	As at 31.03.2010	Depreciation/ Amortisation for the year
Factory/ Office Complex									
Freehold land (incl. development exp.)	4.53	25.78		30.31			30.31	4.53	
Leasehold land (incl. development exp.)	6.15		0.10	6.05		0.38	5.67	5.74	0.01
Roads, bridges and culverts	13.07	2.34	0.06	15.35		3.54	11.81	9.68	0.22
Buildings	873.27	219.57	12.22	1080.62		382.82	697.80	563.49	83.87
Leasehold buildings	3.31			3.31		1.28	2.03	1.90	0.05
Drainage, sewerage and water supply	18.65	0.54		19.19		10.97	8.22	8.10	0.42
Railway siding	8.85	2.34		11.19		8.19	3.00	0.93	0.27
Locomotives and wagons	27.77	0.13		27.90		18.20	9.70	10.78	1.22
Plant & Machinery	3611.36	939.76	-367.11	4918.23		2903.94	2014.29	1181.26	308.98
Electronic data processing equipments	126.12	15.37	2.28	139.21		131.85	7.36	9.47	3.89
Electrical installations	144.95	54.54	0.25	199.24		87.54	111.70	65.67	8.37
Construction Equipment	533.94	42.82	387.33	189.43		113.91	75.52	260.36	24.03
Vehicles	19.75	0.42	0.26	19.91		16.56	3.35	3.39	0.45
Furniture & fixtures	26.95	5.70	0.15	32.50		11.79	20.71	16.88	1.80
Office & other equipments	88.79	20.50	-1.64	110.93		65.97	44.96	28.20	4.89
Fixed assets costing upto ₹10000/-	71.04	7.28	0.89	77.43		77.43			7.27
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	-0.18	492.82	4.15	4.53	14.36
P&M taken on lease									
EDP Equipment taken on lease	227.41	73.75	12.57	288.59		149.76	138.83	105.38	53.51
Office & other equipment taken on lease	1.87	2.49	0.36	4.00		1.60	2.40	0.82	0.68
Other assets taken on lease									
Intangible Assets									
Goodwill on consolidation	185.87			185.87			185.87	185.87	
-Internally developed									
Others	10.50	8.34	0.17	18.67		7.38	11.29	7.17	4.22
-Others									
Software	106.59	8.90	0.51	114.98		98.55	16.43	23.51	16.03
Technical Know-how	23.00	102.32		125.32		17.42	107.90	12.24	6.57
Others	8.80			8.80		8.80		0.04	
	6640.13	1532.89	48.40	8124.62	-0.18	4611.14	3513.30	2509.94	541.11
Township/ Residential									
Freehold land (incl. development exp.)	2.17			2.17			2.17	2.17	
Leasehold land (incl. development exp.)	1.99			1.99		0.56	1.43	1.45	0.02
Roads, bridges and culverts	5.30	0.12	0.13	5.29		2.94	2.35	2.32	0.08
Buildings	134.65	0.68	0.44	134.89		64.37	70.52	71.97	2.13
Leasehold buildings	0.33		0.06	0.27		0.19	0.08	0.09	0.01
Drainage, sewerage and water supply	17.35	0.01		17.36		13.94	3.42	3.80	0.39
Plant and Machinery	16.14	0.48	0.04	16.58		10.17	6.41	6.98	1.05
Electrical installations	17.29	0.19		17.48		14.45	3.03	3.22	0.39
Vehicles	1.08			1.08		1.00	0.08	0.09	0.01
Furniture & fixtures	0.76	0.06		0.82		0.30	0.52	0.51	0.06
Office & other equipments	18.13	1.15	0.06	19.22		12.82	6.40	6.27	0.99
Fixed assets costing upto ₹ 10000/-	2.25	0.13	0.02	2.36		2.36			0.13
	217.44	2.82	0.75	219.51	-0.18	123.10	96.41	98.87	5.26
Total of factory & township	6857.57	1535.71	49.15	8344.13	-0.18	4734.24	3609.71	2608.81	546.37
Previous year	4533.56	1015.62	47.90	5501.28	-41.22	3795.25	1664.81	998.39	343.07
@The details of R&D capital items included in above for current year 2010-11									
Plant & Machinery & other Equipments	251.63	52.36	0.38	303.61		205.72	97.89	71.38	23.25
Buildings	23.68	2.12		25.80		14.71	11.09	9.83	0.66
Land									

Gross Block as at 31.03.2011 includes assets condemned and retired from active use ₹ 49.99 Crore (Previous year ₹ 38.75 Crore)

Net Block as at 31.03.2011 includes assets condemned and retired from active use ₹ 0.19 Crore (Previous year ₹ 0.13 Crore)

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

2010-11	2009-10
30.81	30.81

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

There is no impairment loss in fixed assets during the year

Gross Block includes ₹ 26.97 Crore (previous year ₹. 10.92 Crore) share of jointly controlled entities

Depreciation for the year includes ₹ 1.15 Crore (previous year ₹. 0.99 Crore) share of jointly controlled entities

Net Block includes ₹ 18.49 Crore (previous year ₹. 2.92 Crore) share of jointly controlled entities

Schedule-6

Capital Work-in-Progress (at Cost)

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Construction work-in-progress -Civil	338.20	239.45
Construction Stores (including in transit)	13.13	14.30
Plant & Machinery and other equipments		
- Under Erection/ Fabrication/awaiting erection	1339.68	870.96
- In transit	472.97	400.96
- Intangible Assets under development	10.36	6.21
- Advances for capital expenditure	28.42	20.50
	2202.77	1552.38

Includes ₹ 440.59 Crore (previous year ₹ 2.32 Crore) share of jointly controlled entities.

Schedule-7

Investments

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Long Term Investments (at cost)		
Unquoted Shares(Fully paid up):		
TRADE:		
1402 (previous year 360) Equity shares of ₹ 38.95 each of Engineering Projects (India) Ltd.	*	*
126 (previous year 126) Equity shares of ₹ 1000 each of Engg. Projects (I) Ltd.	0.01	0.01
728960 (previous year 728960) Equity shares of ₹ 10/- each of AP Gas Power Corporation Ltd.	0.91	0.91
5000000 (previous year 5000000) Equity shares of ₹ 10/- each of Neelachal Ispat Nigam Ltd.(Refer Note No.8 of Schedule-19)	5.00	5.00
	5.93	5.93
Subsidiary Companies -		
51000 (previous year Nil) Equity Shares of ₹ 10/- each of BHEL Electrical Machines Ltd.	0.05	
Joint Ventures Companies		
1999999 (previous year 1999999) Equity Shares of ₹ 10/- each of Powerplant Performance Improvement Ltd.	2.00	2.00
Less: Provision for dimunition in value	2.00	2.00
—50000 (previous year 50000) Equity Shares of ₹ 10/- each of Barak Power Pvt. Ltd.	0.05	0.00
Less: Provision for dimunition in value	0.05	
OTHER THAN TRADE		
3 shares of ₹ 100/- each of BHEL House Building Cooperative Society Ltd., Hyderabad	*	*
250 shares of ₹ 10/- each of BHPV Employees Consumers Cooperative Stores Ltd.	*	*
10 shares of ₹ 50/- each of Cuffe Parade Persopolis Premises Cooperative Society Ltd., Mumbai	*	*
20 shares of ₹ 50/- each of Hill View Cooperative Housing Society Ltd., Mumbai	*	*
	0.01	0.01
Share Money paid in advance		
M/s. Rita Enterprises, Mumbai for allotment of 50 shares of ₹ 10 each	*	*
M/s. Asish Enterprises,Mumbai for allotment of 50 shares of ₹ 10 each	*	*
BHEL Electrical Machines Ltd. (Subsidiary Company)	5.31	
	11.30	5.94
* Value of less than ₹ 1 lakh/-		
Aggregate value of Unquoted Investments	11.30	5.94

Schedule-8

Current Assets

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
<u>Inventories @</u>		
(As certified by the management)		
Stores & Spare parts		
- Production	184.21	144.61
- Fuel stores	20.64	11.99
- Miscellaneous	29.19	30.05
Raw Material & Components	3891.54	2922.02
Material-in-transit	1447.39	968.35
Materials with Fabricators/Contractors	237.09	144.11
Loose Tools	31.65	25.38
Scrap (at estimated realisable value)	73.40	43.84
Finished Goods	858.93	600.32
Inter division transfers in transit	177.95	121.11
Includes:		
- ₹ 4.36 Crore (previous year ₹ 3.74 Crore) Finished Goods in transit.	1036.88	721.43
Work-in-progress (including items with sub-contractors)	4142.64	4338.30
	11094.63	9350.08
Less : Provision for non-moving stock	77.14	66.30
@ Valued as per Significant Accounting Policy No. 8	11017.49	9283.78
Includes ₹ 1.96 Crore (Previous year ₹ 2.64 Crore) share of jointly controlled entities.		
<u>Sundry Debtors *</u>		
- Debts outstanding for a period exceeding six months	11679.65	11344.16
- Other debts	17944.85	11014.96
	29624.50	22359.12
Less : Provision for Doubtful debts	1903.30	1463.31
Less :Automatic Price Reduction Adjustment (APR)	210.74	103.20
	27510.46	20792.61
Particulars of Sundry debtors :		
Debts unsecured considered good	27510.46	20688.75
Debts considered doubtful and provided for (incl. APR)	2114.04	1502.17
	29624.50	22190.92
* Includes deferred debts	10945.63	7749.41
* Includes goods despatched pending billing	1843.02	1051.17

Includes ₹ 86.18 Crore (Previous year ₹ 36.20 Crore) net of provision share of jointly controlled entities.

Schedule-8 (Contd.)

Current Assets

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
<u>Cash and Bank Balances</u>		
Cash & Stamps in hand	1.60	1.47
Cheques, Demand Drafts in hand	433.95	230.77
Remittances in transit	8.64	35.83
Balances with Scheduled Banks		
Current Account	980.97	614.73
Deposit Account	8256.88	8967.86
Balance with non-scheduled Banks		
Current Account	24.36	5.76
	9706.40	9856.42
Includes ₹ 69.04 Crore (Previous year ₹ 50.70 Crore) share of jointly controlled entities.		
<u>Other Current Assets</u>		
Interest Accrued on Banks Deposits and investments	310.17	407.27
	310.17	407.27
Includes ₹ 0.54 Crore (Previous year ₹ 0.42 Crore) share of jointly controlled entities.		
<u>Summary of Current Assets</u>		
Inventories	11017.49	9283.78
Sundry Debtors	27510.46	20792.61
Cash & Bank Balances	9706.40	9856.42
Other Current Assets	310.17	407.27
	48544.52	40340.08

Includes ₹ 157.72 Crore (Previous year ₹ 89.98 Crore) share of jointly controlled entities.

Schedule-9

Loans and Advances

(₹ in Crore)

	AS AT 31.03.2011		AS AT 31.03.2010	
Loans				
Loans to Employees	0.05		0.07	
Materials Issued on loan	10.05		4.56	
Loans to others	10.62		16.86	
Interest accrued and or due on loans	3.68	24.40	4.96	26.45
Advances (Recoverable in cash or in kind or for value to be received)				
To employees	32.93		26.99	
For purchases	1504.24		1155.73	
To Others	1102.31	2639.48	931.67	2114.39
Deposits				
Balance with customs, Port Trust and other Govt Authorities [[includes ₹ 0.03 Crore (prev year ₹ 0.03 Crore) by pledge of Post office pass book with Central Excise Authorities]]	299.18		254.79	
Others	236.29	535.47	76.49	331.28
Advance Tax/ TDS (Net of Provision for Income Tax Previous year ₹ 4259.94 Crore)		-		256.35
		3199.35		2728.47
Less: Provision for doubtful loans & advances		122.99		66.29
		3076.36		2662.18
Particulars of Loans & Advances :				
Loans & Advances considered good in respect of which the Company is fully secured		12.01		5.61
Loans & Advances considered good for which the Company holds no security		3064.35		2677.07
Loans & Advances considered doubtful & provided for		122.99		66.29
		3199.36		2748.97
Includes ₹ 15.33 Crore (Previous year ₹ 24.93 Crore) share of jointly controlled entities.				
Includes:				
Due from Directors		*		*
Maximum amount during the year		*		*
Due from Officers		0.12		0.17
Maximum amount during the year		0.21		0.37
* Amount less than ₹ 1 lakh				

Schedule-10

Current Liabilities

(₹ in Crore)

	AS AT 31.03.2011		AS AT 31.03.2010	
Acceptances		42.84		42.30
Sundry Creditors				
- Total outstanding dues of Micro & Small Enterprises (incl. interest)	312.63		222.86	
- Other Sundry Creditors	9357.62	9670.25	7387.00	7609.86
Advances received from customers & others (incl. valuation adj. credit)		20437.91		19239.16
Deposits from Contractors & others		502.59		442.62
Unclaimed dividend *		3.74		1.61
Other liabilities		910.45		875.13
Interest accrued but not due		0.25		0.53
		31568.03		28211.21

* There is no amount due & outstanding as at Balance Sheet date to be transferred to Investor Education & Protection Fund.
Includes ₹ 87.64 Crore (Previous year ₹ 45.61 Crore) share of jointly controlled entities.

Schedule-11

Provisions

(₹ in Crore)

	AS AT 31.03.2011	AS AT 31.03.2010
Proposed Dividend	881.77	605.68
Corporate Dividend Tax	143.05	100.59
Contractual Obligation	2997.00	901.36
Retirement benefits	2864.92	2616.65
Others	282.97	220.60
Provision for Income Tax (Net of advance tax/TDS ₹ 7442.51Crore)	450.65	
	7620.36	4444.88

Includes ₹ 13.03 Crore (Previous year ₹ 5.79 Crore) share of jointly controlled entities.

Schedule-12

Turnover (Gross)

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Sales less returns	38548.94	30514.90
Income from external erection & other services and revenue from works contract	5086.79	3938.90
TOTAL	43635.73	34453.80

Includes ₹ 262.42 Crore (previous year ₹ 218.42 Crore) share of jointly controlled entities.

Schedule-12A

a. Other Operational Income

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Export Incentives	42.89	44.71
Rental income on leased assets	0.93	6.16
Add: Lease equalisation account	14.05	27.00
Scrap	14.98	33.16
Receipt from sale/transfer of surplus stock	272.46	189.04
Others	0.05	0.59
Total (a)	353.20	230.65
	683.58	498.15

b. Other Income

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Profit from sale of fixed assets (Net Crore)	4.27	0.30
Dividend on Investment (Long term-Trade)	14.99	15.83
Exchange variation gain (Net)	100.33	88.35
Others (including grants of ₹ 0.33 Crore (prev year ₹ Nil) from Govt. of India for R & D Projects)	274.99	243.57
Total (b)	394.58	348.05

c. Interest Income**

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
From customers	0.01	*
From employees	0.01	0.02
From banks	614.76	777.50
Others	17.57	39.27
Total (c)	632.35	816.79
Total Other Income	Total (a+b+c)	1710.51
		1662.99

Includes ₹ 5.03 Crore (Previous year ₹ 3.79 Crore) share of jointly controlled entities.

*Amount less than ₹ 1 lakh

** Tax deducted at source 57.58 98.87

Schedule-13

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

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Closing Balance	858.93	600.52
Finished Goods	4142.64	4338.11
Work-in-Progress	5001.57	4938.63
Less: Opening Balance	600.32	521.09
Finished Goods	4338.11	3639.05
Work-in-Progress	4938.43	4160.14
Inter-division transfer in transit	63.04	-2.69
NOTE:	126.18	775.80
Element of Excise duty in Finished Goods		
Closing Balance	81.96	53.06
Opening Balance	53.06	35.24

Includes ₹ 0.11 Crore (Previous year ₹ (-) 0.34 Crore) share of jointly controlled entities.

Schedule-14

Consumption of Material, Erection and Engineering Expenses

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Consumption of Raw material & components	19542.83	17454.37
Consumption of stores & spares	473.81	461.33
Erection and Engineering exp. - payment to subcontractors	3350.01	2947.33
	23366.65	20863.03

Includes ₹ 191.89 Crore (previous year ₹ 164.87 Crore) share of jointly controlled entities.

Schedule-15

Employees Remuneration & Benefits

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Salaries, Wages, Bonus, Allowances & other benefits	4577.84	4880.97
Contribution to gratuity fund	224.85	1020.85
Contribution to Provident and other funds	272.25	323.91
Group Insurance	9.90	10.23
Staff Welfare Expenses	367.76	354.24
	5452.60	6590.20

Includes ₹ 9.28 Crore (Previous year ₹ 6.69 Crore) share of jointly controlled entities.

Schedule-16

Other Expenses of Manufacture, Administration, Selling and Distribution

(₹ in Crore)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Royalty, technical documentation, resident consultant charges & other consultancy charges	135.38	42.75
Rent	81.51	73.66
Excise duty (Net)	209.31	94.96
Power & Fuel	407.00	341.29
Rates & Taxes	38.31	49.16
Service Tax (Net)	12.21	7.14
Insurance	109.36	84.93
Repairs & Maintenance		
Buildings	54.87	51.43
Plant & Machinery	29.37	20.59
Others	119.96	91.73
Other expenses in connection with exports	33.14	23.75
Bad Debts and amount Written off	20.95	37.13
Carriage outward	359.55	303.33
Travelling & conveyance	166.69	147.99
Miscellaneous Expenses	737.84	604.09
Liquidated damages charged off	19.50	105.77
Donations	0.18	0.30
Corporate Social Responsibility	21.55	4.01
	2556.68	2084.01

Includes ₹ 8.96 Crore (Previous year ₹ 10.92 Crore) share of jointly controlled entities.

Schedule-17

Provision

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Doubtful debts ,Liquidated Damages and Loans & advances				
- Created during the year	730.86		687.79	
- Less written back during the year	242.14	488.72	387.88	299.91
Contractual Obligations				
- Created during the year	2699.41		365.11	
- Less written back during the year	605.99	2093.42	349.01	16.10
Others				
- Created during the year	166.14		599.85	
- Less written back during the year	26.82	139.32	1849.65	-1249.80
		2721.46		-933.79

Includes ₹ 3.98 Crore (Previous year ₹ 0.21 Crore) share of jointly controlled entities.

Schedule-18

Interest & Other Borrowing Costs

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Interest on:				
Banks/financial Institutions borrowings	31.91		15.71	
Others	24.47		20.98	
Less: Borrowing cost capitalized	0.00		0.00	
	56.38		36.69	

Includes ₹ 0.25 crore (previous year ₹ 0.28 Crore) share of jointly controlled entities.

Schedule-18A

Prior Period Items

(₹ in Crore)

	For the year ended 31.03.2011		For the year ended 31.03.2010	
INCOME				
Sales less returns	-1.74		7.12	
Other income			1.29	
Interest income	0.00	-1.74	0.00	8.41
EXPENDITURE				
Consumption of Raw material & components	0.24		0.34	
Depreciation	0.32		0.20	
Interest			0.08	
Misc. Expenses	-0.51	0.05	0.64	1.26
Prior period adjustments (Net)		-1.79		7.15

Schedule-19

Consolidated Notes to the accounts

- 1 The Consolidated Financial Statements relate to Bharat Heavy Electricals Limited (Parent Company), its Subsidiaries and its interest in Joint Venture entities. The consolidated Financial Statements have been prepared on the following basis:-

Basis of Accounting:

- The financial statements of the subsidiary companies and interest in joint ventures in the consolidation are drawn upto the same reporting date as of the parent company.
- The consolidated financial statements have been prepared in accordance with Accounting Standard -21 on "Consolidated Financial Statements" and Accounting Standard - 27 on "Financial Reporting of interest in Joint Ventures".

Principles of Consolidation:

- The Financial Statements of the Parent Company and its Subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Accounting Standard - 21 on "Consolidated Financial Statements".
- The financial statements of Joint Venture entities have 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- 27 on "Financial Reporting of Interests in Joint Ventures".
- The consolidated financial statements have been 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 Parent Company's separate financial statements except as otherwise stated in the Significant Accounting Policies.

- The difference between the costs of investments in the subsidiary over the net assets at the time of acquisition of shares in the Subsidiary is recognized in the Financial Statements as Goodwill or Capital Reserve as the case may be.

- 2 The Consolidated Financial Statements includes the result of following entities:

Name of Company	Country of Incorporation	Proportion(%) of Shareholding as on 31.03.2011	Proportion(%) of Shareholding as on 31.03.2010
Subsidiary Company			
Bharat Heavy Plate and Vessels Ltd. (BHPV)	India	100	100
Joint Venture Companies			
BHEL-GE Gas Turbine Services Ltd.	India	one share less than 50%	one share less than 50%
NTPC-BHEL Power Projects Pvt. Ltd.	India	50	50
Udangudi Power Corporation Ltd.	India	50	50
Dada Dhuniwale Khandwa Project	India	50	50
Raichur Power Corporation Limited	India	50	50

- The financial statements of BHPV are consolidated based on the audited financial statement for the year ended on 31.03.2011.
- A subsidiary company has been incorporated on 19th January 2011 under the name of "BHEL Electrical Machines Limited" which would take up manufacturing of rotating electrical machines, after acquiring the assets of Kasargod unit of KEL, Kerala. BHEL owns 51% equity in the company and Govt. of Kerala owns 49%. The first financial year of the company has commenced from 19.01.2011 and shall end on 31.03.2012, accordingly the same will be considered for the period ended on 31.03.2012 and there is no financial transaction during financial year 2010-11 except equity contribution and incorporation formalities.
- The interest in Joint Venture Companies in respect of BHEL-GE Gas Turbine Services Ltd. and NTPC-BHEL Power Projects Pvt. Ltd. is

considered based on audited financial statements for the year ended as on 31.03.2011.

- (d) The interest in Joint Venture in respect of Power Plant Performance Improvement Ltd. (PPIL) and Barak Power Pvt. Ltd. have not been considered in preparation of Consolidated Financial Statements as the companies are under liquidation and full amount of equity investment has been provided for diminution in the value of investment.
- (e) The interest in Joint Venture in respect of Udangudi Power Corporation Ltd. and Raichur Power Corporation Ltd. is considered based on unaudited financial statements for the year ended on 31.03.2011.
- (f) Dada Dhuniwale Khandwa Power Ltd., a Joint venture company of BHEL and MPPGCL, was incorporated on 25.02.2010. The first accounts of the company are made for the period from 25.02.2010 to 31.03.2011. Accordingly, the interest in JV is considered in the Consolidated Financial Investment based on unaudited financial statements for the period from 25.02.2010 to 31.03.2011.

		2010-2011	2009-2010	
3	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	₹ Crore	1361.91	1656.12
	The above includes for acquisition of intangible assets	₹ Crore	5.11	33.77
4	Land and buildings includes			
a)	(i) Acres of land for which formal transfer/ lease deed have not been executed	Acres	9039.33	9029.39
	(ii) Number of flats for which formal transfer/ lease deed have not been executed	Nos	12	36
	(iii) Number of buildings for which formal transfer/ lease deed have not been executed	Nos	1	1
	(iv) Stamp duty (net of provision already made), if any, would be accounted for on payment.	Acres	91.52	71.44
b)	Acres of land leased to Ministry of Defence,Govt. of India Departments & others	Acres	28.77	28.77
c)	Acres of land being used by Ministry of Defence and for which further approval of the competent authority for continuance of licencing of this land is awaited.	Acres	180.00	180.00
d)	Acres of land is under adverse possession.	Acres	97.25	116.37
5	The impact on the profit of providing 100 percent depreciation on fixed assets upto ₹10,000/- each, without considering such impact of earlier years, is as under :			
	100% depreciation on assets upto ₹10,000/- charged off in the accounting year.	₹ Crore	10.10	10.65
	Normal depreciation on above.	₹ Crore	2.99	2.96
	Excess amount charged.	₹ Crore	7.11	7.69
6	Sales less returns			
a	Includes based on provisional prices	₹ Crore	0.70	20.38
b	includes for escalation claims raised in accordance with sales contracts, inclusive of escalation claims on accrual basis, to the extent latest indices were available;	₹ Crore	1388.54	1108.07

c	includes additional claim for despatches made in earlier year in accordance with price settlement with railways during the year;	₹ Crore	0.00	96.86
d	includes despatches of equipment held on behalf of customers at their request for which payment has been received by Company ; and	₹ Crore	112.37	15.71
e	excludes for price reduction (net of refund) due to delay in delivery as per the terms of the contract .	₹ Crore	13.94	23.01
7	Contingent liabilities :			
A	Claims against the company not acknowledged as debt :			
i) a	Income Tax Pending Appeals	₹ Crore	35.59	32.46
b	Against which paid under protest included under the head "deposit others"	₹ Crore	2.65	2.36
ii) a	Sales Tax Demand	₹ Crore	521.61	353.46
b	Against which paid under protest included under the head "Advances Recoverable"	₹ Crore	99.43	77.03
iii) a	Excise Duty demands	₹ Crore	339.92	196.71
b	Against which paid under protest included under the head "Advances Recoverable"	₹ Crore	9.01	5.01
iv) a	Custom Duty demands	₹ Crore	0.21	0.21
b	Against which paid under protest included under the head "Advances Recoverable"	₹ Crore	0.06	0.06
v)	Court & Arbitration cases	₹ Crore	409.66	254.55
vi) a	Liquidated Damages	₹ Crore	1401.11	1287.94
b	Amount deducted by customers towards LD included in vi)a	₹ Crore	825.70	730.57
vii)	Counter Claim by contractors	₹ Crore	0.61	0.61
viii) a	Service Tax Demand	₹ Crore	216.57	108.58
b	Against which paid under protest	₹ Crore	0.22	0.22
ix)	Others	₹ Crore	209.87	59.99

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

- 8** Cash credit limit from banks aggregating to ₹ 600 Crore (previous year ₹ 100 Crore) and Company's counter guarantee / indemnity obligations in regard to bank guarantee / letters of credit limit aggregating to ₹ 49400 Crore (previous year ₹ 40000 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 guarantees as at 31.03.2011 is ₹ 37474 Crore (previous year ₹ 31541 Crore) and Corporate Guarantee as on 31.03.2011 is ₹ 4192 Crore (Previous year ₹ 1685 Crore).
- 9** Balances shown under debtors, creditors, contractor's advances, deposits and stock/materials lying with sub-contractors/fabricators are subject to confirmation, reconciliation & consequential adjustment, if any. The reconciliation is carried out on ongoing basis & provisions wherever considered necessary have been made in line with the guidelines.

10 Details of Balances with Non-Scheduled Banks

Current Account	Maximum Balance during the year (₹ in Crore)		2010-11	2009-10
	2010-11	2009-10		
- Standard Chartered Bank, Libya	0.23	0.23	0.06	0.02
- Bank Muskat, Oman	0.16	50.27	0.02	-0.03
- Barclays Bank Ltd, Zambia	0.01	0.02	0.01	0.01
- Bank of Commerce, Malaysia	0.05	0.05	0.05	0.05
- CIMB Berhad	0.02	0.02	0.02	0.02
- Indo Jambia Bank, Lusaka	0.00	0.16	0.00	0.00
- Commercial Bank of Ethiopia	0.00	3.81	2.65	3.42
- Bank of Bhutan, Bhutan	0.00	0.01	0.00	0.00
- Jamahouria Bank, Libya	3.94	3.94	0.26	0.53
- National Bank of Egypt	0.12	0.13	0.11	0.12
- Byblos Bank of Syria	18.80	0.00	17.28	0.00
- Standard Chartered Bank, Bangladesh	132.59	1.40	1.69	0.29
- Bank of Khartoum, Sudan	10.82	10.82	2.22	1.33
- Standard Chartered Bank, Dubai	0.00	0.05		0.00

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

	2010-11	2009-10
Contract revenue recognised for the year	37254.81	28203.77
In respect of Contract in progress at the end of year :		
Cost incurred and recognised profits (less recognised losses)	126691.73	91109.49
Amount of advance received	10971.55	9832.28
Amount of retentions (deferred debts)	9716.66	6771.59
In respect of dues from customers after appropriate netting off		
Gross amount due from customer for the contract work as an asset	4974.15	2424.08
Gross amount due to customer for the contract work as a liability	3418.65	3170.29
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 updated periodically to ascertain the percentage completion for revenue recognition. The changes in estimated contract revenue and estimated contract cost for AS 7(R) contracts under execution in 2009-10 and continuing in 2010-11 is (+) 1.12% (Previous year + 0.62%) and (-) 0.87% (Previous year (-) 2.43%) respectively, with the consequential impact on turnover.

12 The company has changed the Accounting Policy on Provision for warranties in respect of AS-7(R) construction contracts during the year. As against creation of provision for warranties @ 2.5% of contract value on trial operation, the company has revised it that company provides warranty cost at 2.5% of the

revenue progressively as and when it recognises the revenue and maintains the same through the warranty period. This is against the earlier policy of deferring warranty provision and corresponding revenue till the completion of Trial Operation. The impact due to change in the accounting policy for the year 2010-11 is increase in turnover by ₹ 2776.94 Crore, Provision for Contractual Obligation by ₹ 2080.79 Crore and Profit before Tax by ₹ 696.15 Crore.

- 13** The Company has modified the Accounting Policy on Employee Benefits during the year in respect of leave liability. As against the policy of creating provision for these leaves on accrual basis, the company changed it to actuarial valuation basis treating the same as "Other Long Term Benefits" based on behavioural patterns etc. as per AS-15(R). The impact due to change in accounting policy for the year 2010-11 is increase in Profit before Tax by ₹ 244.89 Crore.
- 14** During the year the cranes used at the project sites have been classified under "General Plant & Machinery" as against the earlier practice of "Erection Equipment". Accordingly the depreciation rate has been changed based on a review of their useful life, from 20% p.a. to 8% p.a., with retrospective effect. The impact due to the above change is decrease in depreciation by ₹ 80.62 Crore (₹ 49.03 Crore pertains to earlier years) and increase in profit before tax by ₹ 46.80 Crore
- 15** The disclosure relating to derivative instruments:
- The derivative instruments that are hedged and outstanding as on 31.03.2011 is Nil (previous year Nil).
 - The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under :

		2010-11	2009-10
a) Assets / Receivables (i.e. Debtors)			
In foreign currency			
in US \$	₹ Crore	34.85	21.60
in EURO	₹ Crore	34.32	21.95
in LYD	₹ Crore	0.94	0.91
in RO	₹ Crore	0.19	0.19
In Indian currency			
in US \$	₹ Crore	1553.17	964.96
in EURO	₹ Crore	2127.66	1317.78
in LYD	₹ Crore	34.39	31.97
in RO	₹ Crore	22.05	22.26
in Others	₹ Crore	38.92	14.92
b) Liabilities (i.e. Advances from customers / creditors)			
In foreign currency			
in US \$	₹ Crore	29.92	29.09
in EURO	₹ Crore	32.26	34.63
in LYD	₹ Crore	1.46	2.13
In indian currency			
in US \$	₹ Crore	1349.37	1326.22
in EURO	₹ Crore	2064.51	2126.34

in LYD	₹ Crore	54.78	47.97
in Others	₹ Crore	115.28	100.76

16 Remuneration paid/payable to Directors (including Chairman & Managing Director) *

	2010-11	2009-10
Salaries & Allowances	2.48	1.83
Contribution to PF	0.15	0.19
Contribution to Gratuity Fund	0.06	0.04
Others	0.39	0.62

* The above amount include leave encashment on payment basis & excludes group insurance premium.

The CMD and functional directors have been allowed the use of staff car for both duty and non-duty journeys. The ceiling of non duty journey is 1000 kms p.m against recovery of prescribed amount in accordance with terms and condition of appointment. The monetary value of the perquisite for the use of car, if calculated in accordance with the provisions of I.T. Rules 1962 would amount to ₹ 0.01 Crore (Previous Year ₹ 0.01 Crore)

17 a) Expenditure on departmental Repair & maintenance which are as under :

	2010-11	2009-10
Plant & Machinery	157.27	190.74
Buildings	45.54	44.38
Others	30.33	29.39
b) Agency Commission on exports included in expenses in connection with exports	21.84	15.02
c) Expenditure on research & development	361.47	352.51
d) Rent Residential	67.22	62.03
e) Payment to Auditors		
Audit Fees	0.45	0.42
includes paid abroad	0.01	0.04
Out of Pocket expenses	0.18	0.15
Income tax matters(including certification)	0.11	0.10
includes paid abroad	0.01	0.01
Other Certification Work	0.22	0.18
includes paid abroad	0.00	0.00
Other Professional services	0.04	0.10
includes paid abroad	0.00	0.00
f) Payment to Cost Auditors	0.01	0.01
g) Expenditure on entertainment	6.52	6.97
h) Expenditure on foreign travel		
Expenditure in Rupees	17.43	14.55
i) Expenditure on Publicity and Public relations		
Salaries allowances & other benefits	10.07	10.08

Other expenses	16.21	16.27
j) Director's Fees	0.16	0.08

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

a) 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 end are as follows:

	2010-11	2009-10
1 <u>Change in present value of obligation</u>		
a) Present value of obligation as at the beginning	1671.43	1008.43
b) Acquisition adjustment	-	-
c) Interest Cost	125.43	75.60
d) Past service cost	-	756.79
e) Current service cost	72.85	70.70
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	-245.18	-413.01
i) Actuarial (gain) / Loss	163.16	195.29
j) Present value of obligation at the end of the period	1787.30	1693.79
2 <u>Change in the fair value of plan assets</u>		
a) Fair value of plan assets at the beginning	637.77	981.27
b) Acquisition Adjustments	-	-
c) Expected return on plan assets	54.21	83.45
d) Contributions	1019.99	-
e) Benefits paid	-240.74	-408.99
f) Actuarial gain / (Loss) on plan assets	82.30	-4.08
g) Fair value of plan assets as at the end of the year	1553.22	653.03
3 <u>Fair value of plan assets</u>		
a) Fair value of plan assets at the beginning	637.62	981.27
b) Acquisition Adjustments	-	-
c) Actual return on plan assets	136.47	78.07
d) Contributions	1019.83	-
e) Benefits paid	-240.70	-408.99
f) Fair value of plan assets at the year end	1553.22	653.03
g) Funded status	-217.00	-1040.76
h) Excess of actual over estimated return of plan assets	82.27	-5.38

4	Actuarial gain / loss recognized		
a)	Actuarial gain / (loss) for the period - obligation	-157.12	-209.14
b)	Actuarial (Gain) / loss for the period – plan assets	-82.27	4.04
c)	Total (gain) / loss for the period	74.85	213.18
d)	Actuarial (gain)/ loss recognized in the period	74.85	213.18
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	1770.61	1693.79
b)	Fair value of plan assets as at the end of period	1552.91	653.03
c)	Funded status	-216.92	-1040.76
d)	Excess of actual over estimated	82.27	-5.38
e)	Unrecognised actuarial (gains)/ losses	-	-
f)	Net asset/ (liability) recognized in balance sheet	-216.92	-1040.76
6	Expense recognized in the statement of profit and loss a/c		
a)	Current service cost	72.21	70.70
b)	Past service cost	-	758.12
c)	Interest cost	124.31	74.27
d)	Expected return on plan assets	-54.19	-83.45
e)	Curtailment cost / (Credit)	-	-
f)	Settlement cost / (credit)	-	-
g)	Net actuarial (gain) / loss recognized in the period	74.86	213.19
h)	Expenses recognized in the statement of profit & loss	224.85	1020.85

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

b) Post Retirement Medical Benefits plan

1	Change in present value of obligation	2010-11	2009-10
a)	Present value of obligation as at the beginning	860.43	758.80
b)	Acquisition adjustment	-	-
c)	Interest Cost	64.53	56.91
d)	Past service cost	-	-
e)	Current service cost	17.19	16.04
f)	Curtailment cost / (Credit)	-	-
g)	Settlement cost / (Credit)	-	-
h)	Benefits paid	-36.10	-29.91
i)	Actuarial (gain) / loss	45.30	58.59
j)	Present value of obligation as at the end of year	951.35	860.43

2	Change in the fair value of plan assets	-	-
3	Fair value of plan assets	-	-
	<u>Funded Status</u>	-951.35	-860.43
4	<u>Actuarial gain / loss recognized</u>		
a)	Actuarial gain / (loss) for the period - obligation	45.30	58.59
b)	Actuarial (gain) / loss for the period – plan assets	-	-
c)	Total (gain) / loss for the year	45.30	58.59
d)	Actuarial (gain)/ loss recognized in the period	45.30	58.59
e)	Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5	<u>The amount recognized in balance sheet and statement of profit and loss</u>		
a)	Present value of obligation as at the end of the year	951.35	860.43
b)	Fair value of plan assets as at the end of the year	-	-
c)	funded status	-951.35	-860.43
d)	Net assets / (liability) recognized in balance sheet	-951.35	-860.43
6	<u>Expenses recognized in the statement of profit and loss</u>		
a)	Current service cost	17.19	16.04
b)	Interest cost	64.53	56.91
c)	Net actuarial (gain) / loss recognized in the year	45.30	58.59
d)	Expenses recognized in the statement of profit & loss	127.02	131.54
c)	Long Term Leave Liability (EL/NEL/HPL)		
	The leave liability has been treated as other long term benefits and has been assessed using projected unit credit actuarial method.		
1	<u>Change in present value of obligation</u>	2010-11	
a)	Present value of obligation as at the beginning	1305.20	
b)	Acquisition adjustment	-	
c)	Interest Cost	97.95	
d)	Past service cost	-	
e)	Current service cost	88.75	
f)	Curtailment cost / (Credit)	-	
g)	Settlement cost / (Credit)	-	
h)	Benefits paid	-208.95	
i)	Actuarial (gain) / Loss	-82.93	
j)	Present value of obligation at the end of the period	1200.01	
2	<u>Change in the fair value of plan assets</u>	-	
3	<u>Fair value of plan assets</u>		
g)	Funded status	-1200.01	
4	<u>Actuarial gain / loss recognized</u>		
a)	Actuarial gain / (loss) for the period - obligation	78.28	

b) Actuarial (Gain) / loss for the period – plan assets	-
c) Total (gain) / loss for the period	-78.28
d) Actuarial (gain)/ loss recognized in the period	-78.28
e) Unrecognized actuarial (gains)/ losses at the end of the period	-
5 <u>The amount recognized in balance sheet and statement of profit and loss</u>	
a) Present value of obligation as at end of the period	1200.01
b) Fair value of plan assets as at the end of period	-
c) Funded status	-1200.01
d) Excess of actual over estimated	-
e) Unrecognised actuarial (gains)/ losses	-
f) Net asset/ (liability) recognized in balance sheet	-1200.01
6 <u>Expense recognized in the statement of profit and loss a/c</u>	
a) Current service cost	87.57
b) Past service cost	-
c) Interest cost	97.07
d) Expected return on plan assets	-
e) Curtailment cost / (Credit)	-
f) Settlement cost / (credit)	-
g) Net actuarial (gain) / loss recognized in the period	-78.28
h) Expenses recognized in the statement of profit & losses	106.36

- d) In line with the guidance note on AS-15(R), the company has got the actuarial valuation of provident fund done in respect of PF trusts of the units/regions. As per the actuarial valuation certificate liability for likely interest shortfall, to be compensated by the company to the PF trust, has been provided in the accounts.

Provision made (withdrawal) for shortfall in PF interest liability	2010-11	2009-10
based on actuarial valuation for the year ₹ Crore	11.04	6.49
Accumulated provision for shortfall in PF interest liability based on actuarial valuation ₹ Crore	27.18	16.13

19 As required by AS-18 'Related Party Disclosures' are given below :

- Related Parties - Joint Venture Companies
 - Powerplant Performance Improvement Ltd.
 - BHEL-GE Gas Turbine Services Pvt. Ltd.
 - NTPC-BHEL Power Projects Pvt. Ltd.
 - Udangudi Power Corporation Ltd.
 - Barak Power Pvt. Ltd.
 - Raichur Power Corporation Ltd.
 - Dada Dhuniwale Khandwa Power Ltd.

ii) Key Management Personnel

S/Shri

B.P. Rao, Anil Sachdev, Atul Saraya, O.P. Bhutani, C.S. Verma, C.P. Singh, Anil Gupta, A.K. Goswamy, B Sainath, Anand K Bansal, S S Gupta, A S Nagaraja, P V Sridharan, P Ashoka Verma, R Nagaraja, Narayan Prasad, K.N. Venkatesh, G Rajagopal, P R Shriram, K Balasubramanian, S Sukumar Solomon and Y.K. Rastogi.

iii) Details of Transactions

Joint Ventures		2010-11	2009-10
Purchase of Goods and Services	₹ Crore	76.06	2.51
Sales of Goods and services	₹ Crore	67.28	63.01
Receiving of Services	₹ Crore	25.24	-
Rendering of Services	₹ Crore	101.18	5.59
Dividend income	₹ Crore	14.99	15.83
Royalty income	₹ Crore	0.78	0.84
Purchase of shares	₹ Crore	354.02	27.50
Amounts due to BHEL at the end of the year	₹ Crore	59.68	18.30
Amounts due from BHEL at the end of the year	₹ Crore	145.01	1.06
Advance deposit towards issue of shares	₹ Crore	-	2.50
Provision for Doubtful debts	₹ Crore	0.02	0.02
Advances given	₹ Crore	27.04	0.00
Note : Majority of transactions are with BGGTS, NBPPL and Raichur power corporation Ltd.			
Key Management Personnel (KMP)			
Payment of Salaries	₹ Crore	2.02	1.91
Relatives of KMP			
Amounts due to BHEL at the end of the year	₹ Crore	0.00	0.01
Payment of Salaries	₹ Crore	0.20	0.14

20 Lease

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

i) Finance Lease:

a. Outstanding balance of Minimum Lease payments		2010-11	2009-10
not later than one year	₹ Crore	65.70	55.84
later than one year and not later than five years	₹ Crore	120.63	89.48
later than five years	₹ Crore	0.00	0.00
Total minimum lease payments at the balance sheet date	₹ Crore	186.33	145.32
b. Present Value of (a) above			
not later than one year	₹ Crore	53.55	47.56
later than one year and not later than five years	₹ Crore	104.14	74.88

later than five years	₹ Crore	0.00	0.00
Total of Present Value at the balance sheet date	₹ Crore	157.69	122.44
c.1 Finance charges	₹ Crore	28.64	22.88
c.2 Present value of Residual value, if any	₹ Crore	0.01	0.01
ii) The company is in the practice of taking houses for employees, office buildings and EDP equipments etc. on operating lease both as cancellable and non-cancellable.			
iii) <u>Operating Lease</u>		2010-11	2009-10
The future minimum lease payments under non-cancellable operating lease are as under			
not later than one year	₹ Crore	5.24	4.39
later than one year and not later than five years	₹ Crore	9.85	9.26
later than five years	₹ Crore	1.55	0.91
iv) Details regarding rentals in respect of assets taken on lease prior to 01.04.2011 are as given below:			
Cost of Assets			
Land & Buildings	₹ Crore	0.01	0.07
Computers & peripherals	₹ Crore	0.00	0.83
Rentals payable over unexpired period of lease			
Land & buildings	₹ Crore	0.02	0.02
Computers & peripherals	₹ Crore	0.00	0.01

21 Earnings per Share:

		2010-11	2009-10
Weighted average number of Equity Shares used for computing			
Earning per Share (A)	Nos. in Crore	48.952	48.952
Total Face Value of Equity Share	(₹)	10.00	10.00
Net Profit for the year of the Group (B)	(₹ in Crore)	6053.36	4326.92
Basic and Diluted Earnings Per Share (B)/(A)	(₹)	123.66	88.39

22 The break up of net deferred tax assets in compliance of Accounting Standard - 22 on 'Accounting for Taxation' is as under:

	As on 31.3.2011	As on 31.3.2010
Deferred Tax Assets		
Provisions	1821.04	993.50
Statutory dues	411.99	502.48
Adjustment as per section 145A	45.43	47.20
Others	9.65	59.37
	2288.11	1602.55
Deferred Tax Liabilities		
Depreciation	122.94	73.93

Net Deferred Tax Assets	2165.17	1528.62
23 The disclosure relating to Accounting Standard -29		
		(₹ in Crore)
a) Liquidated Damages	2010-11	2009-10
Opening	483.25	522.51
Additions	282.61	177.38
Usage/ Write off/payment	-20.03	-102.89
Withdrawal/adjustments	-47.87	-113.75
Closing Balance	697.96	483.25
Contractual Obligation		
Opening	901.36	888.21
Additions	2699.41	365.11
Usage/ Write off/payment	-99.09	-77.11
Withdrawal/adjustments	-504.68	-274.85
Closing Balance	2997.00	901.36

- b) 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 Sch-19.
- c) The provision for contractual obligation is made at the rate of 2.5% of the contract revenue 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.

24 Proportionate share of Joint Ventures - line items are given below as there is no separate schedule attached

(₹ in Crore)

	2010-11	2009-10
Provision for taxation		
Current Taxation	18.08	13.55
Deferred Taxation	-0.23	-0.68
Deferred Tax Assets	1.62	1.39
Contingent Liability	3.05	6.69
Preliminary Expenses	3.76	2.36
Pre-Operative Expense	0.06	0.00

25 Item of expense and income less than ₹ one Lakh are not considered for booking under Prior Period Items.

26 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 schedules of annual account by way of a note.

27 SEGMENT INFORMATION - CONSOLIDATED

(₹ in Crore)

	For the year ended 31.03.2011			For the year ended 31.03.2010		
A. PRIMARY SEGMENT - BUSINESS SEGMENTS						
	Power	Industry	Total	Power	Industry	Total
I. SEGMENT REVENUE						
a. Segment Revenue	35053.84	9222.25	44276.09	27079.12	7960.58	35039.70
b. Inter-Segment Revenue	0.00	597.46	597.46	0.00	541.19	541.19
c. Operating Revenue-External (a) - (b)	35053.84	8624.79	43678.63	27079.12	7419.39	34498.51
II. SEGMENT RESULTS						
a. Segment Results	8363.14	1925.28	10288.42	6355.06	1632.27	7987.33
b. Unallocated expenses (Net of income)			1166.35			1329.75
c. Profit before Interest, DRE & Income Tax (a) - (b)			9122.07			6657.58
d. Interest			56.39			36.69
e. Net Profit before Income Tax (c) - (d)			9065.68			6620.89
f. Income Tax			3012.33			2293.97
g. Net Profit after Income Tax			6053.36			4326.92
III ASSETS & LIABILITIES						
a. Segment Assets	36591.11	9954.36	46545.47	27763.81	8450.11	36213.92
b. Unallocated Assets			13083.39			12486.43
c. Total Assets			59628.86			48700.35
d. Segment Liabilities	30344.61	6464.97	36809.58	25226.85	6253.88	31480.73
e. Unallocated Liabilities			2664.32			1323.66
f. Total Liabilities			39473.90			32804.39
IV OTHER INFORMATION						
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	1744.95	357.23		1394.83	270.95	
b. Depreciation	400.03	114.12		302.06	83.27	
c. Non Cash Expenses (other than depreciation)	2056.70	569.57		-452.84	-269.07	
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS						
	Within India	Outside India	Total	Within India	Outside India	Total
1 Net Sales / Income from Operations	42275.46	1403.17	43678.63	32793.25	1705.26	34498.51
2 Total Assets	59226.82	402.05	59628.86	48644.37	55.99	48700.35
3 Cost incurred during the period to acquire Fixed Assets	2140.05	1.42	2141.47	1696.20	0.22	1696.42

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'.

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



ADDITIONAL INFORMATION FOR STAKEHOLDERS



Ten Years Summary

(₹ in Crore)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
I EARNINGS										
Turnover (Gross)	43337	34154	28033	21401	18739	14525	10336	8662	7482	7287
Other Income	1701	1648	1497	1445	824	547	656	513	838	770
Changes in stock	127	787	1152	827	181	386	540	-31	-45	-37
Total Earnings	45165	36589	30682	23673	19744	15458	11532	9144	8275	8020
Materials, Erection & Engineering Expenses	23209	20672	17620	11821	10018	8147	5871	4229	3607	3724
Employees Remuneration & Benefits	5397	6540	2984	2608	2369	1879	1650	1640	1505	1445
Other Mfg, Admn & selling expenses	6954	2295	4864	4482	3305	2564	2128	2003	2121	1921
Outgoings before interest & depr.	35560	29507	25468	18911	15692	12589	9650	7872	7233	7090
Profit before depreciation, interest & tax	9605	7082	5214	4762	4052	2869	1882	1272	1042	930
Depreciation	544	458	334	297	273	246	219	198	185	169
Gross Profit	9061	6624	4880	4465	3779	2623	1663	1074	857	761
Interest	55	33	31	35	43	59	81	60	55	97
Profit before tax	9006	6591	4849	4430	3736	2564	1582	1014	802	664
Provision for tax (Net)	2995	2280	1711	1571	1321	885	628	357	358	195
Profit after tax	6011	4311	3138	2859	2415	1679	953	657	444	469
Dividend	1525	1141	832	746	600	355	196	147	98	98
Corporate Dividend Tax	249	191	141	127	93	50	27	19	13	0
Retained Profit	4237	2979	2165	1986	1722	1275	731	491	333	371
II WHAT THE COMPANY OWNED										
Gross Block	8050	6580	5225	4443	4135	3822	3629	3460	3349	3182
Less: Accumulated Depreciation & Lease Adj.	4649	4165	3754	3462	3146	2840	2585	2365	2179	2005
Net Block	3401	2415	1471	981	989	982	1044	1095	1170	1177
Capital WIP	1762	1550	1157	658	303	185	95	109	59	57
Investments	439	80	52	8	8	8	9	29	10	10
Current Assets, Loans & Advances	51495	42915	36901	27906	20980	16331	13343	10425	8348	8054
Total assets	57097	46960	39581	29554	22280	17506	14491	11658	9587	9298
III WHAT THE COMPANY OWED										
Borrowings (incl. Credits for assets taken on lease)	163	128	149	95	89	558	537	540	531	666
Current liabilities & provisions	38944	32442	28333	20022	14337	10320	8446	6337	4756	4714
Total liabilities	39107	32570	28482	20117	14426	10878	8983	6877	5287	5380
Net Working Capital	12551	10473	8568	7884	6643	6011	4897	4088	3592	3340
IV NET WORTH OF THE COMPANY										
Share Capital	490	490	490	490	245	245	245	245	245	245
Reserves & Surplus	19664	15427	12449	10285	8544	7057	5782	5051	4559	4225
Less : Deferred Revenue Expenditure	-	-	-	-	-	-	-	18	96	249
Net Worth	20154	15917	12939	10775	8788	7301	6027	5278	4708	4221

Ten Years Summary (Contd.)

(₹ in Crore)

V CAPITAL EMPLOYED	16391	12968	10091	8873	7640	7001	5950	5212	4772	4527
VI VALUE ADDED	18476	13171	9894	8323	7182	5683	4254	3680	3248	3074
VII RATIOS										
PBDIT to total assets (%) #	18.46%	16.37%	15.08%	18.4%	20.4%	17.9%	14.4%	12.0%	11.0%	10.3%
Gross profit to capital employed (%) #	61.73%	57.45%	51.47%	54.1%	51.6%	40.5%	29.8%	21.5%	18.4%	16.7%
Turnover/ gross block	5.4	5.2	5.4	4.8	4.5	3.8	2.8	2.5	2.2	2.3
Earnings per share (₹) +	122.80	88.06	64.11	58.4	98.7	68.6	39.0	26.9	18.2	19.1
Net worth per share (₹) +	411.71	325.16	264.32	220.1	359.0	298.31	246.24	215.64	192.36	172.43
Current Ratio	1.32	1.32	1.30	1.4	1.5	1.6	1.6	1.7	1.8	1.7
Total Debt / Equity	0.01	0.01	0.01	0.01	0.01	0.08	0.09	0.10	0.11	0.16
Return on Net Worth	29.83%	27.08%	24.26%	26.5%	27.5%	23.0%	15.8%	12.5%	9.4%	11.1%
Gross profit margin	20.91%	19.39%	17.41%	20.9%	20.2%	18.1%	16.1%	12.4%	11.5%	10.4%
Net profit margin	13.87%	12.62%	11.20%	13.4%	12.9%	11.6%	9.2%	7.6%	5.9%	6.4%

On the basis of average net assets and capital employed

+ Figures upto 2006-07 are based on pre-bonus issue.

Reconciliation of Profit (Standalone) determined under Indian GAAP with Net Income in accordance with US GAAP for the year 2010-11

	Notes	Crore	US \$ (Million)
Profit after tax (Standalone) determined under Indian GAAP		6,011.20	1,346.29
Adjustment to conform with US GAAP			
Rental Income (lease)	1	(14.36)	(3.22)
Income from investment in Joint Ventures & Subsidiary	2	27.17	6.09
Research & Development Expenses	3	(19.20)	(4.30)
Depreciation	4	(15.47)	(3.46)
Prior period items (incl. provision for taxation earlier years ₹ (-) 81.45 crore)	5	(79.66)	(17.84)
Net income in accordance with US GAAP		5,909.68	1,323.56

1 US \$ = ₹ 44.65 (Exchange rate as on 31.03.2011)

Notes to Reconciliation of Net Profit determined under Indian GAAP with Net Income in accordance with US GAAP

The following notes show the difference between Indian GAAP and US GAAP and necessary adjustment to arrive at net Income under the US GAAP.

1. Rental Income (Lease)

As per Indian GAAP assets given on lease classified as finance lease prior to 1.4.2001 are capitalised at the normal sale price/fair value/contracted price and depreciation on the same has been charged. Lease rental income is recognised after adjusting lease equalisation. Under US GAAP assets given on finance lease, finance income is only recognised over the lease period.

2. Income from Investment in Joint Ventures & Subsidiary

As per Indian GAAP dividend income from joint ventures / Subsidiary is recognised and provision for diminution in value, if any, is made for the investment in joint ventures. Under US GAAP share of income/ loss generated by joint ventures / subsidiary is recognised in the income statement in proportion to holding.

3. Research & Development Expenses

As per Indian GAAP R&D expenses in the nature of development are capitalised and amortised over the estimated useful life and shown under depreciation / amortisation. Under US GAAP amortisation of R&D assets is charged as R&D expenses.

4. Depreciation

As per Indian GAAP depreciation is charged to Income statement on assets given on finance lease prior to 1.4.2001. Under US GAAP assets given on finance lease, finance income is recognised. As per Indian GAAP amortisation of R&D assets is shown under depreciation / amortisation. Under US GAAP amortisation of R&D assets is charged as R&D expenses to income statement.

5. Prior period items

As per Indian GAAP prior period items are reported separately in the income statement for the year. Under US GAAP prior period items are accounted by adjustment to prior years under retained profits.

As per our report of even date

For S. N. Dhawan & Co.

Chartered Accountants

FRN 000050N



(S. K. Khattar)

Partner

M.No. 84993



(P.K. Bajpai)

Director(Finance)

Date : July 29, 2011

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, 2011 under Indian GAAP to Net Income in accordance with US GAAP ("the Reconciliation")

The Reconciliation is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, such Reconciliation, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

for S.N.Dhawan & Co.

Chartered Accountants

FRN000050N



(S. K. Khattar)

Partner

M.No. 84993

Place: New Delhi

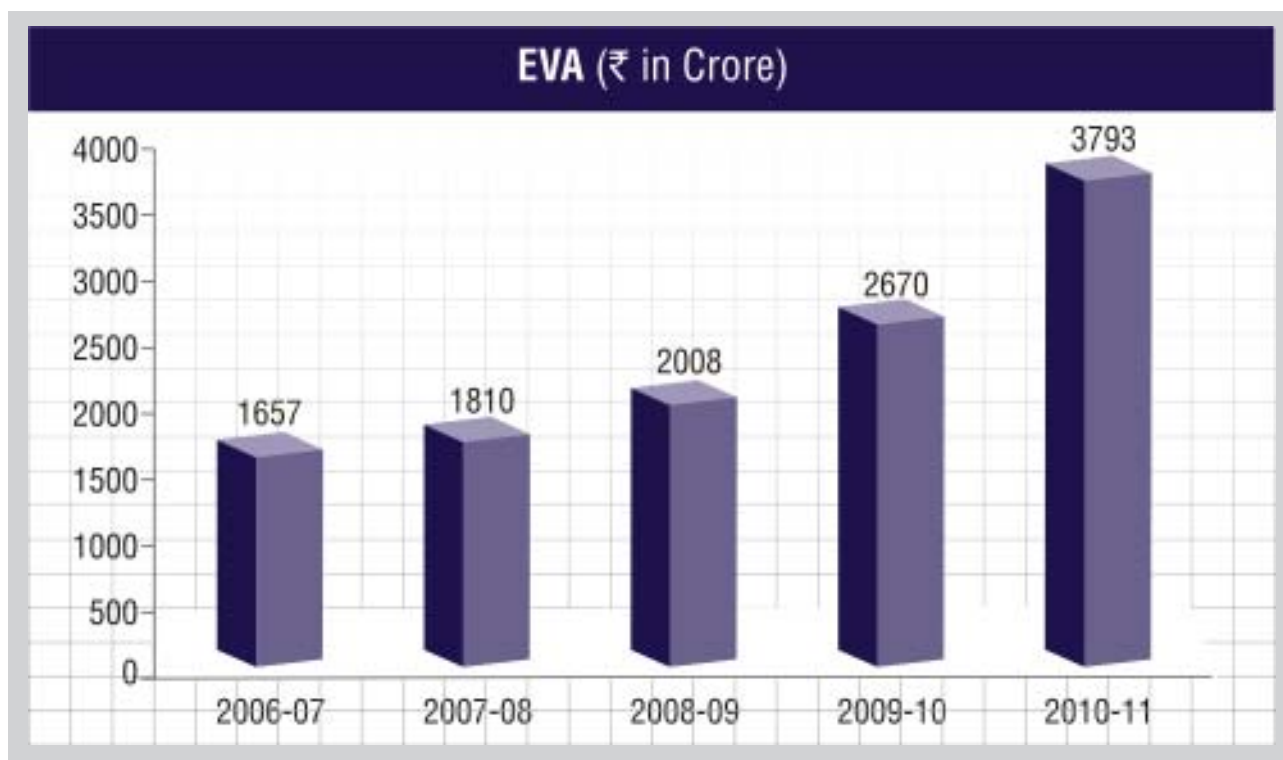
Date : July 29, 2011

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.

(₹ in Crore)

		2010-11	2009-10	2008-09	2007-08	2006-07
Cost of capital						
Cost of equity	(%)	14.0	13.3	13.4	14.4	14.6
Weighted average cost of capital (WACC)	(%)	14.1	13.3	13.4	14.4	14.4
Average capital employed		14680	11540	7751	6467	5544
Economic Value added						
NOPAT		5867	4206	3047	2739	2454
Less: Cost of capital		2074	1536	1039	929	797
Economic value added		3793	2670	2008	1810	1657
Enterprise Value						
Market Value of equity		100971	117027	73944	100907	55349
Add: Debt		163	128	149	95	89
Less: Cash and cash equivalents		9630	9790	10315	8386	5809
Enterprise value		91504	107365	63778	92616	49629



VALUE ADDITION STATEMENT

(₹ in Crore)

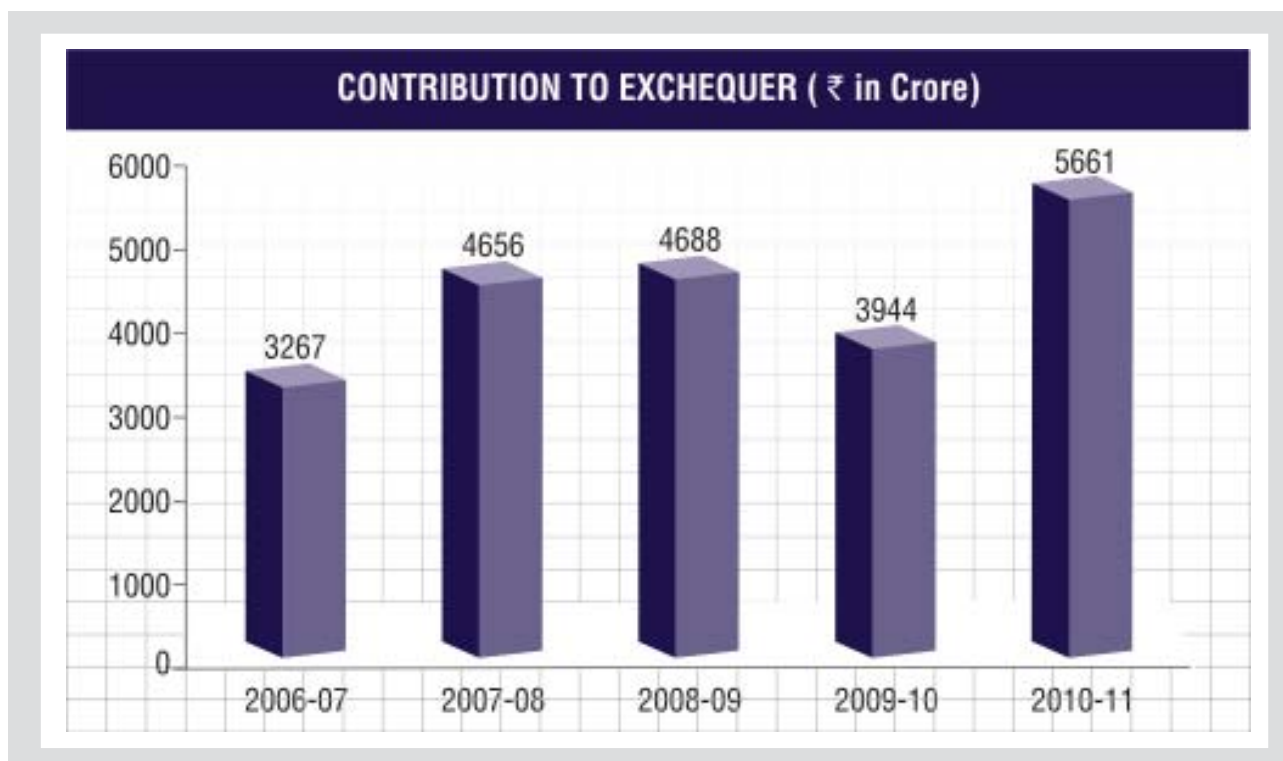
Description	2010-11	2009-10	2008-09	2007-08	2006-07
A. Generation of Value Addition					
Value of Production (less excise duty)	41527	33598	27351	20090	17324
Less- Direct Material, Power & Fuel and Payments to Contractors	23051	20427	17458	11767	10142
Value Added	18476	13171	9894	8323	7182
Less - Other Operating Exp (Net of income)	3461	845	567	415	679
Net Value Addition	15015	12326	9327	7908	6503
% to value of production	36.16%	36.69%	34.10%	39.36%	37.54%
B. Application of Value Addition					
Employees payments	5410	5243	4113	3146	2451
% to net value addition	36.03%	42.54%	44.10%	39.78%	37.69%
Depreciation	544	458	334	297	273
% to net value addition	3.62%	3.72%	3.58%	3.76%	4.20%
Financing charges :					
- Interest on borrowings	55	34	31	35	43
% to net value addition	0.36%	0.27%	0.33%	0.44%	0.67%
Tax Provision					
(Income Tax., Def. tax, FBT & Prior Period)	2995	2280	1711	1571	1321
% to net value addition	19.95%	18.50%	18.34%	19.87%	20.31%
Dividend (incl. dividend tax)	1775	1332	974	873	692
% to net value addition	11.82%	10.81%	10.43%	11.04%	10.65%
Retained Profit	4237	2979	2164	1986	1722
% to net value addition	28.22%	24.17%	23.21%	25.11%	26.48%

Performance vis-a-vis Annual Plan 2010-11

(₹ in Crore)

Category of Investment	2010-11	2009-10
Schemes	1204	1283
Modernisation & Rationalization and Others	123	65
Science & Technology	45	37
Customer Project Related Capital Investment	283	328
TOTAL	1655	1713

Contribution to Exchequer



Product Profile

THERMAL POWER PLANTS

- Steam Generators, Steam Turbines, Turbo Generators along with regenerative feed cycle up to 800 MW capacities for fossil-fuel, nuclear and combined-cycle applications, capability to design and manufacture Steam Generators, steam turbines with supercritical steam cycle parameters and matching Turbo Generators of up to 1000 MW unit size.
- Condensers, Condensate Extraction Pumps, Boiler Feed Pumps, Valves and Heat Exchangers meeting above requirement of TG Sets up to 1000 MW.

NUCLEAR POWER PLANTS

- Steam generator & Turbines and matching Turbo-Generators, Condensers up to 700 MW capacity.
- Heat exchangers
- Pressure vessel
- Reactor vessels

GAS-BASED POWER PLANTS

- Gas turbines of up to 280 MW (ISO) advance class rating.
- Gas turbine-based co-generation and combined-cycle systems for industry and utility applications.

HYDRO POWER PLANTS

- Custom-built conventional hydro turbines of Kaplan, Francis and Pelton types with matching generators, pump turbines with matching motor-generators upto 300 MW, Bulb turbine with matching generators up to 10 MW
- High capacity pumps along with matching motors for Lift Irrigation Schemes (up to 150 MW)
- Electro Hydraulic Microprocessor based Digital Governor for conventional turbines
- Microprocessor based Digital Controller for lift irrigation pumps
- Mini / micro hydro sets with PLC based compact Digital Governor up to 15 MW
- Static excitation systems for Hydro generators & motors
- Brushless exciter for Hydro generators & motors
- Special purpose Motor Generator sets
- Spherical (rotary) valves, butterfly valves and auxiliaries for hydro stations

DG POWER PLANTS

- HSD, LDO, FO, LSHS, natural gas based diesel generator power plants, unit rating of up to 20 MW and voltage up to 11 kV, for emergency, peaking as well as base load operations on turnkey basis

INDUSTRIAL SETS

- Industrial turbo-sets of rating from 7 to 270 MW.
- Gas turbines and matching generators ranging from 25 to 292 MW (ISO) rating.
- Industrial steam turbines and gas turbines for drive applications and co-generation applications.
- Reheat steam turbines and matching generators ranging from 120 to 150MW.

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 for components of sub critical, supercritical and ultra super critical technology.

BOILERS

- Steam generators for utilities, ranging from 30 to 800 MW capacity, using coal, lignite, oil, natural gas or a combination of these fuels; capability to manufacture boilers with supercritical parameters up to 1000 MW unit size.
- Steam generators for industrial applications, ranging from 40 to 450 t/hour capacity, using coal, natural gas, industrial gases, biomass, lignite, oil, Bagasse or a combination of these fuels.
 - ❑ Pulverized fuel fired boilers.
 - ❑ Stoker boilers
 - ❑ Bubbling fluidized bed combustion (BFBC) boilers.
 - ❑ Circulating fluidized bed combustion (CFBC) boilers.
- Heat-recovery steam generators (HRSG).
- Chemical recovery boilers for paper industry, ranging from capacity of 100 to 1000 t/day of dry solids.

BOILER AUXILIARIES

- Fans
 - ❑ Axial reaction fans of single stage and double stage for clean air application and dust laden

hot gases applications up to 200°C, with capacity ranging from 40 to 1300m³/s and pressure ranging from 400 to 1,500 mmwc.

- ❑ Axial impulse fans for both clean air and flue gas applications up to 200°C, with capacity ranging from 25 to 600m³/s and pressure up 300 to 700 mmwc
- ❑ Single and double-suction radial fans (plate aerofoil bladed) for clean air and dust-laden hot gases applications up to 400°C, with capacity ranging from 4 to 660m³/s and pressure ranging from 200 to 3000 mmwc.

● Air-Preheaters

- ❑ Tubular Air Preheaters for industrial and utility boilers
- ❑ Rotary regenerative air-Preheaters for boilers and process furnaces.
- ❑ Large rotary regenerative air-Preheaters for utilities of capacity up to 800 MW.

● Pulverizers

- ❑ Bowl mills of slow and medium speed for coal fired thermal stations with capacity from 18 t /hour to 110 t/hour catering to 67.5 MW to 800 MW thermal power stations.
- ❑ Tube mills for pulverizing low-grade coal with high ash content from 30 t/hour to 110 t/hour catering to 110 MW to 500 MW thermal power stations.

● Electrostatic Precipitators (ESP)

- ❑ Electrostatic precipitators of any capacity with outlet emission as low as 17 mg/Nm³ (efficiency up to 99.97%) for utility and industrial applications including Bio mass fired boilers, cement plants, steel plants, soda recovery boilers etc.

● Guillotine Gates & Dampers

- ❑ Guillotine gates with electric / pneumatic actuator. Sizes up to 6m height & 7m width (with split). 100% leak proof with seal air.
- ❑ Bi-plane dampers with electric actuator. Sizes up to 7m height & 5m width. 100% leak proof with seal air.
- ❑ Louver dampers (Open close / Regulating) with electric / pneumatic actuator. Sizes up to 7m height & 5m width.
- ❑ Control dampers (Regulating) with pneumatic actuator. Sizes up to 11m height (split construction) & 4.5m width.

- Gravimetric Feeders
- Bag Filters for Utility and Industrial applications.
- Flue gas desulphurization (FGD) systems with sea water/ limestone slurry scrubber.
- Steel Chimneys for auxiliary boilers and other flue gas exhaust applications.

SOOT BLOWERS

- Long retractable soot blowers (LRSB) for travel upto 12.2m.
- Furnace temperature probe (FTP) for travel length 6.9m and 8.3m.
- Long Retractable Non-rotating (LRNR) soot blowers with forward blowing for Air heaters.
- Ash discharge valve for CFBC boiler application.
- Soot blowers with integral starters.
- Soot blower Sequential PLC control panel.
- Rack type Long Retractable Soot blowers.
- Wall blowers.
- Rotary Soot blowers.

VALVES

- High and Low-pressure turbine bypass valves & hydraulic system for utilities and industrial application.
- High and medium-pressure valves, cast and forged steel valves of gate, globe, non-return valves (swing-check and piston lift-check) types for steam, oil and gas duties up to 900 mm diameter, maximum pressure class 4500 (791 Kg/ cm²) and 650 °C temperature.
- Hot re-heat and cold re-heat isolating devices up to 900 mm maximum class 1500 and 650°C temperature.
- High-capacity safety valves and automatic electrically operated pressure relief valves for set pressure up to 217kg/cm² and temperature up to 571°C.
- Safety relief valves for applications in power, process and other industries for set pressure up to 421 kg/cm² and temperature up to 537° C.
- Reactive cum absorptive type vent Silencers maximum diameter of 2700 mm size.
- Angle Drain Valves - Single & Multi Stage for Turbine Drain Application.
- Severe Service Control Valves for RH & SH Spray Lines.
- Quick Closing Non return valves for Extraction lines

and Cold Reheat Non Return valves, up to 800 mm diameter, 105 kg/cm² pressure and 540 °C temperature.

PIPING SYSTEMS

- Power cycle piping, Constant load Hangers, Variable spring Hangers, Hanger components, Low Pressure piping including Circulating Water Piping for power stations up to 1000 MW capacity including Super Critical sets.
- Piping systems for Nuclear Power Stations, Combined Cycle Power Plants & Industrial boilers and for power plants in Process Industries.

SEAMLESS STEEL TUBES

- Hot-finished and cold-drawn seamless steel tubes with a range varying from outer diameter of 21.3 to 133 mm and wall thickness of 3.7 to 12.5 mm, in carbon steel and low-alloy steels to suit ASTM/ API and other international specifications.
- Rifled tubes
- Spiral finned tubes

HEAT EXCHANGERS AND PRESSURE VESSELS

- CS/AS/SS/Non-ferrous shell and tube heat exchangers and pressure vessels.
- Air-cooled heat exchangers.
- Steam jet air ejectors.
- Deaerators.
- Gland steam condensers.
- Drain coolers.
- LP & HP feed water heaters.
- Gas coolers, Oil coolers, Air coolers.

CONDENSER AND HEAT EXCHANGERS

- Surface Condenser:
 - ❑ 12.5 MW Marine
 - ❑ 20 to 500 MW Thermal
 - ❑ 236 MW Nuclear
 - ❑ Industrial Condensers
- Feed Water Heaters :
 - ❑ 20 to 500 MW Thermal
 - ❑ 236 MW, 500 MW and 700 MW Nuclear
- Moisture Separator and Re-Heaters:
 - ❑ 236 MW, 500 MW & 700 MW Nuclear
- Auxiliary Heat Exchangers for Turbo and Hydro Generators :
 - ❑ Air Coolers (Frame & Tube Type)
 - ❑ Oil Coolers (Shell & Tube Type and Plug In Type)

- ❑ Hydrogen Coolers (Frame & Tube Type)
- Auxiliary Heat Exchangers for Transformers :
 - ❑ Oil Coolers (Shell & Tube Type Single Tube or Concentric Double Tube Type) (Frame & Tube Type)
- Auxiliary Heat Exchangers for General Application
 - ❑ Water - Water Coolers (Shell & Tube Type)
- Industrial Heat Exchangers for :
 - ❑ Refineries
 - ❑ Petro-Chemicals
 - ❑ Fertilizers.

PUMPS

- Pumps for various applications to suit utilities up to a capacity of 1000 MW.
- Boiler feed pumps (motor or steam turbine driven).
- Boiler feed booster pumps.
- Condensate extraction pumps.
- Circulating water pumps.

DESALINATION AND WATER TREATMENT PLANTS

- Reverse Osmosis (RO) based Desalination Plants for treating Seawater, high Brackish and waste water for domestic and industrial applications.
- Reverse Osmosis based Demineralization (RO-DM) Plants for Power Plant to generate Water for Service / Potable / Boiler Feed Make-up requirements.
- Various types of Pre-Treatment (Membrane based / Conventional) Systems to condition raw-water suitable for RO Application.
- Sewage & effluent treatment plants for water re-use and re-cycling
- Operation & Maintenance of plants

AUTOMATION AND POWER ELECTRONIC SYSTEMS

- UNIFIED Automation for Power Plants including sub-critical thermal utilities and industrial utilities and industrial CPP [Distributed control system (DCS) for Steam Turbines, Steam Generators, BFP driven Turbines, Gas Booster Compressors and Balance of Plant Systems]
- Gas Turbine Control Systems
- Hydro Power Plant Control Systems
- Excitation systems Industrial Automation
- Sub-station Automation System (SAS) and Supervisory Control and Data Acquisition Systems (SCADA)

- AC Drive Systems
- Static Starters
- Traction Drive Systems (both IGBT & GTO based) for locos and EMUs.
- HVDC Systems / FACTS / Custom Power Controllers
- Reactive Power Management Systems
- Induction heating equipment.

SEMICONDUCTOR AND PHOTOVOLTAIC SYSTEMS

- Power Semiconductor Devices.
- Solar Photovoltaic Cells (Mono/Multi).
- Photovoltaic Modules.
- PV Systems
- Grid Interactive, Hybrid and Stand Alone PV Power Plants.
- Space grade Solar PV Panels.
- Space Quality Batteries

SWITCHGEAR

Medium Voltage Vacuum Switchgear of various types for indoor and outdoor applications for voltage ratings up to 36 kV and Gas insulated switchgears (36 KV -145 kV)

- Indoor switchgears up to 12 kV, 50 kA, 3500 Amp. for thermal, nuclear, hydro and combined cycle Power Plant Projects
- Indoor switchgears up to 36 kV, 31.5 kA, 2500 Amp. for Industries and refineries
- Indoor Vacuum circuit breakers 12 kV, 25 kA, 1250 Amp. for distribution system
- Outdoor Vacuum circuit breakers 36 kV, 25 kA, 2000 Amp. for transmission and distribution segment
- Outdoor Vacuum circuit breakers 12 kV, 25 kA, 1250 Amp. for distribution segment
- Outdoor pole mounted 1 Ph, Vacuum circuit breaker 25 kV, 25 kA, 1600 Amp. for trackside railway application
- Outdoor pole mounted Autorecloser / sectionaliser / capacitor switch for 12 kV rural segment
- Gas insulated switchgears 36 kV, 25 kA, 1600 Amp. for refineries, urban s/s
- Gas insulated switchgears 145 kV, 40 kA, 2500 Amp. for transmission segment
- SF6 circuit breakers (145 kV - 800 kV)

BUS DUCTS

- Bus-ducts with associated equipment to suit generator power output of utilities of up to 800 MW capacity.

TRANSFORMERS

- Power transformers for voltage upto 1200 kV
- Generator transformers (up to 500 MVA, 400 kV, 3 Ph / 400 MVA, 400 kV, 1 Ph)
- Auto transformers (up to 1000 MVA, 400 kV, 3 Ph / 600 MVA, 400 kV, 1 Ph / 1000 MVA, 765 kV, 1 Ph / 1000 MVA, 1200 kV, 1 Ph)
- Converter Transformers / Smoothing Reactors (up to 600 MVA, ± 500 kV/upto 254 MVar, ± 500 kV)
- Shunt Reactors (up to 150 MVar, 420 kV, 3 Ph / 110 MVar, 765 kV, 1 Ph)
- Controlled Shunt Reactors (up to 200 MVar, 420 kV, 3 Ph / 150 MVar, 420 kV, 1 Ph / 110 MVar, 765 kV, 1 Ph)
- Phase Shifting Transformers (up to 315 MVA, 400 kV, 3 Ph)
- Instrument transformers
 - Current transformers upto 400 kV
 - Electro-magnetic voltage transformers upto 220 kV
 - Capacitor voltage transformers upto 400 kV
- Special Transformers
 - Rectifier transformer upto 132 kV, 66 kA
 - Furnace transformer upto 33 kV, 100 MVA
- Traction Transformer
 - Freight loco transformer upto 25 kV, 7475 kVA for 3 phase drive locomotives
 - ACEMU transformer upto 25 kV, 1550 kVA.
- ESP (HVR) Transformer 100 kV 1400 mA.
- Rectifier Transformers – Upto 120 K Amp, 132 kV Class
- Dry type transformer upto 15000 kVA
 - Smoothing reactors upto 3.3 mH, 2700 Amp.
 - Dry Type reactor upto 300 mH, 120 Amp.
 - DC Choke upto 0.5 mH, 4600 Amp.
- Cast resin dry type transformers up to 15 MVA 33 kV.

Special transformers for: earthling, furnace, rectifier, electrostatic precipitator, freight loco, AC EMU and traction.

INSULATORS

- High-tension ceramic insulators.
 - ❑ Disc insulators for AC/DC applications, ranging from 45 to 420 kN electro-mechanical strength, for clean and polluted atmospheres. Suitable for 800kV AC & DC application.
 - ❑ Pin insulators up to 33 kV including radio free design.
 - ❑ Hollow porcelains up to 800 kV for Transformers, SF6 circuit breakers.
 - ❑ Solid core insulators up to 400 kV for Bus Post & Isolators for substation applications.
 - ❑ Solid core porcelain insulators for 25 kV Railway Traction.
 - ❑ Composite Insulators for 25 kV Railway Traction and up to 400 kV transmission lines.
- Wear Resistant Material (Ceralin)
 - ❑ Ceramic Liners for Wear Resistant Application in Thermal Power Station and other various applications.

INDUSTRIAL AND SPECIAL CERAMICS

- EWLI –Electronic Water Level Indicators used in Boiler Drum Water Level Monitoring (BHELVISION system), Ceramic and Tungsten Carbide Flow Beans for Christmas tree valves.

CAPACITORS

- H.T. Capacitors for Power factor correction (Motor Capacitors) 3.3 to 11 kV delta connected Capacitor banks
- H.T. Capacitors for Shunt, Series & SVC (Static VAR compensation), Harmonic filter & HVDC applications
- Capacitor Divider for CVT
- Coupling Capacitor for PLCC
- Surge Capacitor for protection of Generators & Transformers
- Roof Capacitor for traction locomotive

BUSHINGS

- 52 to 400 kV OIP condenser bushings for transformer applications
- 25 kV Locomotive bushings
- Special application bushings like cable box and wall bushing

ON LOAD TAP CHANGERS (OLTC)

On Load Tap Changer for various application like Power Transformer, Furnace Transformer, Station Transformer, Rectifier Transformer etc.

- On Load Tap Changer up to 300 kV, 1800 A , 35 position in single phase/ three phase design
- On Load Tap Changer for neutral side of 400 kV Class Transformer
- Off Circuit Tap Switch up to 300 kV

ELECTRICAL MACHINES

AC Squirrel cage, Slip ring, Synchronous, Variable speed motors; Industrial Alternators and Motors for Hazardous areas are manufactured as per range summarized below. Special-purpose machines are manufactured on request.

- AC Machines for Safe Area Application
 - ❑ Induction Motors
 - ❖ Squirrel cage motors -150 kW to 21000 kW
 - ❖ Slip ring motors - 150 kW to 10000 kW
 - ❑ Synchronous motors
 - ❖ 1000 kW to 20000 kW
 - ❑ Variable speed Motors
 - ❖ 150 kW to 21000 kW (Squirrel cage motors)
 - ❖ 1000 kW to 20000 kW (Synchronous motors)
- AC Machines for Hazardous Area Application (Fixed speed or with VFD)
 - ❑ Flame-proof squirrel cage Induction motors (Ex 'd')
 - ❖ 150 kW to 1500 kW
 - ❑ Non-sparking squirrel cage Induction motors (Ex 'n')
 - ❖ 150 kW to 4000 kW (higher ratings on request)
 - ❑ Increased safety squirrel cage Induction motors (Ex 'e')
 - ❖ 150 kW to 4000 kW (higher ratings on request)
 - ❑ Pressurized motors (Ex 'p')
 - ❖ 150 kW to 21000 kW (Squirrel cage motors)
 - ❖ 1000 kW to 20000 kW (Synchronous motors)
- Mill Duty Motors
 - ❑ 150 kW to 5000 kW with speed base speed > 150 rpm
- Industrial Alternators (Steam turbine, Gas turbine and Diesel engine driven)

- ❑ 3000 kVA to 25000 kVA
- Induction Generators
 - ❑ 300 kVA to 6000 kVA
- Voltage, Frequency & Enclosure
 - ❑ Voltage - AC - 415 V to 13800 V
 - ❑ Frequency - 50 Hz & 60 Hz
 - ❑ Enclosure - SPDP, TETV, CACW, CACA & Duct Ventilated
- 2 Pole Gas Turbine driven Generators up to 160 MW and matching Exciters.
- 4 Pole Gas Turbine driven Generators up to 33 MW and matching Exciters.
- 2 Pole Steam Turbine driven Generators up to 160 MW and matching Exciters.
- 4 Pole Steam Turbine driven Generators up to 33 MW and matching Exciters

COMPRESSORS

- Centrifugal compressors of varying sizes, driven by steam turbine/gas turbine/motor, for various industrial applications handling almost all types of gases required for fertilizers, petrochemicals, pipeline and steel industry ; range covers up to maximum discharge pressure of 350 bar and capacity upto 900,000 Nm³/hour.

CONTROL GEAR

- **Industrial Control Gear**
 - ❑ Electronic controllers for ESP
 - ❑ Excitation control system for Alternators & Motors
 - ❑ Large current rectifiers with PLC Based digital controls
 - ❑ Digital AVR and governors
 - ❑ Control panels and cubicles for applications in steel, aluminium, cement, paper, rubber, mining, sugar and petrochemical industries
- **Oil Rig Controls**
 - ❑ AC power control room
 - ❑ DC power control room
 - ❑ Power Pack (DG sets)
 - ❑ AC Control Module
 - ❑ DC Control Module
 - ❑ Driller's Console
- **Contactors**
 - ❑ LT air break type AC for voltages up to 660 V
 - ❑ LT air break type DC contactors for voltages up to 600 V

- ❑ HT vacuum type AC for voltages up to 11kV
- **Traction Control Gear**

- ❑ Control gear equipments for AC Electric & Diesel Electric Locomotives, EMUs, DEMU, DETC, metro railways and other traction applications
- ❑ EP contactors, EM contactors, EM relays, Reversers & EP Offload switches, Isolating switches, resistors, resistor panels etc. for traction applications
- ❑ Master controllers
- ❑ Dynamic braking resistors
- ❑ Control cubicles
- ❑ Excitation control & Voltage regulator panels for DE Locos
- ❑ Rectifiers
- ❑ Aux converters

Control and Relay Panels

- ❑ Control & Protection panels for EHV Transmission Projects for voltages upto 400 kV
- ❑ Synchronizing Trolley / Swing Panels
- ❑ Protection panels for large Generators up to 600 MW for thermal, nuclear, hydro and combined cycle Power Plant Projects
- ❑ Remote Control and relay panels for MV Switchgear
- ❑ Turbine gauge panels for hydro sets
- ❑ Outdoor type control panels and marshalling kiosks
- ❑ Remote Transformer Tap-Changer Control panels
- ❑ LT Switch Gear, SCAP & Thyristor Panel

TRANSPORTATION EQUIPMENT

Traction Machines

- ❑ AC traction motors for all ranges of locos & EMUs
- ❑ DC traction motors for all ranges of locos & EMUs
- ❑ AC traction alternators for all ranges of DE locos & EMUs
- ❑ DC traction generators up to 2000 KW
- ❑ Motor generator sets for all type of requirements
- ❑ Auxiliary generators and exciters for all type of requirements
- ❑ Eddy current clutch for radiator fan

- ❑ DC blower motors for dynamic braking system
- ❑ Traction grade gears and pinions

● Transportation Systems

- ❑ Traction systems
- ❑ Urban transportation systems
- ❑ AC electric locomotives
- ❑ AC-DC dual voltage electric locomotives
- ❑ Diesel-electric & Diesel hydraulic locomotives
- ❑ Battery powered locomotive
- ❑ OHE recording-cum-test car
- ❑ Bogies
- ❑ Dynamic track stabilizers
- ❑ Well wagon
- ❑ Rail cum Road vehicle
- ❑ Utility vehicle
- ❑ Ballast cleaning machines

OIL FIELD EQUIPMENT

- **Oil Rigs** – A variety of on-shore drilling rigs with AC-SCR and AC technology, work-over rigs, mobile rigs, for drilling up to depths of 9,000 m, complete with matching draw-works and hoisting equipment including:
 - ❑ Mast and substructure
 - ❑ Rotating equipment
 - ❑ Mud System including pumps
 - ❑ Power packs and rig electrics
 - ❑ Rig instrumentation
 - ❑ Rig utilities and accessories
 - ❑ Refurbishment and up gradation of BHEL and Non BHEL make Oil Rigs
 - ❑ DC Oil rig motors of all required ranges
 - ❑ Oil rig alternators of all required ranges
- **Oil Field Equipments**
 - ❑ Well heads and X-mas Trees up to 15 000 psi, Mud Line Suspension, Choke and Kill manifold, CBM Wellheads, DSPM H- Manifold Assembly, Mud valves, ESP hangers, Block type x-mas Trees.
 - ❑ Direct Water Level Gauges

DISTRIBUTED POWER GENERATION AND SMALL HYDRO PLANTS

- Wind electric generator of up to 600 kW rating.
- Small hydro power plants up to 25 MW station capacity.

DEFENCE ELECTRONICS

- Simfire Tactical Gunnery Simulator
- Infantry Weapon Effects Simulator for Tactical Gunnery Training
- Integrated Platform Management System (IPMS)
- Ship Control System

SYSTEMS AND SERVICES

● Power Generation Systems

- ❑ Turnkey power stations/ EPC contracts.
- ❑ Combined-cycle power plants.
- ❑ Cogeneration systems.
- ❑ Captive power plants.
- ❑ Modernization and renovation of power stations and RLA studies.
- ❑ Software packages including simulators for utilities.
- ❑ Performance Analysis, Diagnostics and Optimization (PADO) for thermal & hydro power plants.
- ❑ Enterprise Asset Management System (EAMS)
Erection, commissioning, support services, spares management and consultancy services for all the above systems.

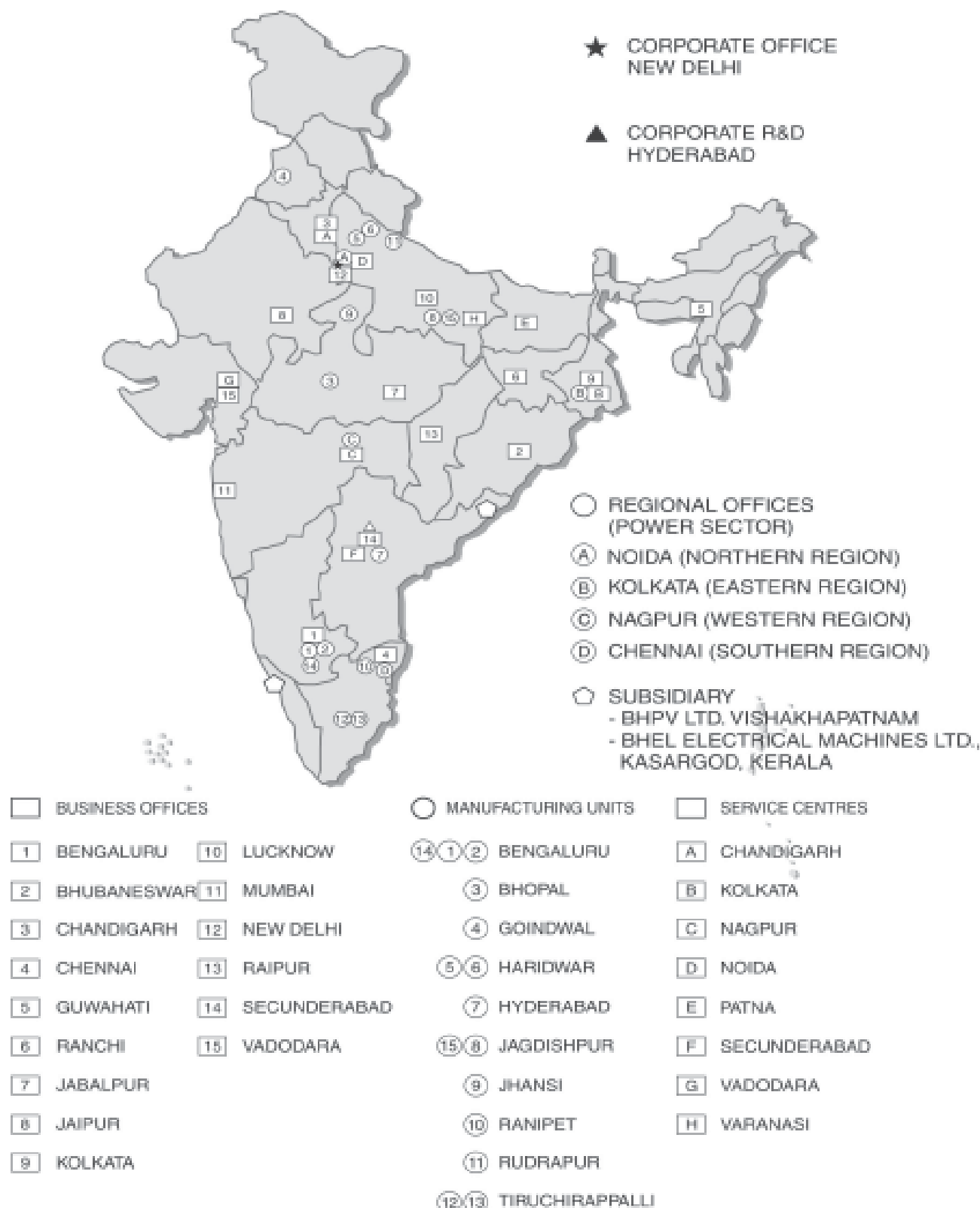
● Transmission Systems

- ❑ Sub-stations/switchyards.
- ❑ Shunt and Series compensation systems.
- ❑ Power system analysis and controls.
- ❑ HVDC transmission systems.

INDUSTRIAL SYSTEMS

- Complete Coal Handling Plant and Ash Handling Plant including Civil & Structural, Mechanical, Electrical works and Automation systems
- Complete Mine Winder Systems
- Complete Electrics, Drives, Controls & Automation Systems for Processing & Compacting of Raw Materials, Iron Making, Primary & Secondary Steel Making, Casters & steel Finishing like Mills & process Lines for both long products & flat products
- Complete Raw Material Handling System including Civil & Structural, Mechanical, Electrical and Automation systems for Steel and other industries
- Complete Electrics & Automation Systems for High Current Rectifiers for Aluminium Smelters and Processing Mills for Aluminium Plants
- Automated Storage & Retrieval Systems (ASRS)
- Balance of Plant (BOP) for Hydro power plants

BHEL in India



Global Business

ANNUAL REPORT 2010-11





ANNUAL REPORT 2010-11

Bharat Heavy Electricals Limited

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

NOTICE

Notice is hereby given that the 47th Annual General Meeting of the Members of BHARAT HEAVY ELECTRICALS LIMITED will be held on Tuesday, the 20th September, 2011 at 10 A.M. at Talkatora Indoor Stadium, Talkatora Garden, New Delhi-110001, to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the financial year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend for the year 2010-11.
3. To appoint a Director in place of Smt. Reva Nayyar, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri Anil Sachdev, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Atul Saraya, who retires by rotation and being eligible, offers himself for re-appointment.
6. To authorize the board to fix the remuneration of the Auditors for the year 2011-12.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Trimbakdas S. Zanwar, who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 w.e.f. 12th November, 2010 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri S. Ravi, 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. 10th March, 2011 to hold Office upto the date of this Annual

General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Ambuj Sharma, 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. 15th March, 2011 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

10. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri M.K.Dube, 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. 25th June, 2011 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

11. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri P.K. Bajpai, who was appointed as an Additional Director pursuant to Article 67(iv) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 w.e.f. 1st July, 2011 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

12. To consider and, if thought fit, to pass the following resolution with or without modification(s), as **Ordinary Resolutions**:

RESOLVED THAT

- (i) "pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force), and in accordance with the provisions of Article 32 of the Articles of Association of the Company and subject to other approvals, consents, permissions and sanctions, as may be necessary, from any authority, the existing equity shares of the Company of Face value ₹ 10/- (Rupees Ten) each, be and are hereby sub-divided into five (5) equity shares of Face value ₹ 2/- (Rupees Two) each and consequently the Authorised Capital of the Company of ₹ 2000,00,00,000/- (Rupees Two thousand crores) be divided into 1000,00,00,000 (One thousand crores) equity shares of ₹ 2/- (Rupees Two) each, with effect from the 'Record date' to be determined by the Board for this purpose.
- (ii) pursuant to sub-division of Equity shares of the company, the paid up Equity shares of face value of ₹ 10/- each, as existing on the Record date shall stand sub-divided into five equity shares of ₹ 2/- each fully paid up, with effect from the 'Record date'.
- (iii) the five new equity shares of ₹ 2/- each to be allotted in lieu of one equity share of ₹ 10/- each shall be subject to the terms of Memorandum & Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as existing fully paid equity share of ₹ 10/- each of the Company and shall be entitled to participate in full in any dividend(s) to be declared after the sub-divided equity shares are allotted.
- (iv) existing share certificate(s) in relation to equity share capital held in physical form be cancelled and new share certificate(s) be issued in respect of the equity shares held by the members of the company consequent upon sub-division of equity shares as aforesaid and in case of shares held in dematerialized form, the sub-divided equity shares be credited to the respective demat accounts of the beneficiaries in lieu of existing shares held by them.
- (v) the Board of Directors of the Company ("the Board", which expression shall include a duly constituted Committee thereof) be and is hereby authorized to do all such acts, deeds, matter and things, delegate all or any of the powers vested in the Board, to any Director (s) or Officer (s) of the Company, give such direction as may be necessary, for giving effect to the aforesaid resolutions, in the best interest of the Company, including but not limited to signing and execution of necessary forms, papers, writings, agreements and documents, including giving customary representations and warranties, together with such indemnities as may be deemed necessary and expedient in its discretion

and settling any question, doubt or difficulties that may arise with regard to or in relation to the proposed sub-division of shares."

13. To consider and, if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and re-enactment thereof for the time being in force), existing **Clause V of the Memorandum of Association** of the Company be and is hereby altered by substituting it with the following:

"The Authorised Share Capital of the Company is ₹ 2000,00,00,000/- (Rupees Two thousand crores) divided into 1000,00,00,000 (One thousand crores) equity shares of ₹ 2/- (Rupees Two) each with the rights, privileges and conditions attaching thereto as may be provided by the Articles of Association of the Company, for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or condition in such manner as may for the time being be provided by the Articles of Association of the Company."

14. To consider and, if thought fit, to pass the following resolution with or without modification(s), as a **Special Resolution**:

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and re-enactment thereof for the time being in force), existing **Article 4-A of the Articles of Association** be and is hereby altered by substituting it with the following:

"The Authorised Share Capital of the Company is ₹ 2000,00,00,000/- (Rupees Two thousand crores) divided into 1000,00,00,000 (One thousand crores) equity shares of ₹ 2/- (Rupees Two) each."

By Order of the Board of Directors



(I.P. Singh)

New Delhi

Dated: August 12, 2011

Company Secretary

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. Smt. Reva Nayyar, S/Shri Anil Sachdev and Atul Saraya, Directors, retire by rotation and being eligible, offer themselves for re-appointment. However, as per the terms of their appointment, the tenure of Smt. Reva Nayyar, S/Shri Anil Sachdev and Atul Saraya as Directors of the company will expire on 21.06.2012, 31.03.2012 and 30.11.2013 respectively.
5. The Register of Members and Share Transfer books of the Company shall remain closed from August 12, 2011 to August 19, 2011 (both days inclusive) for the purpose of payment of final dividend, if any, approved by the Members.
6. Members are advised to submit their National Electronic Clearing Service/Electronic Clearing Service (NECS/ECS) mandate in the form (given elsewhere in the Annual Report) duly filled in and signed, to enable the Company to make remittance by means of NECS/ECS.
7. The Board of Directors has recommended a final dividend of 179 % on the Paid-up Equity Share Capital (₹17.90 per share) of the Company besides an interim dividend of 132.5% (₹ 13.25 per Share) already paid during the year 2010-11.
8. The final dividend on the Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2011, if approved by the

shareholders at the Annual General Meeting, will be payable within 30 days from the date of declaration of dividend i.e. on or before 19th October, 2011, to those shareholders whose name appear: -

- a. As Beneficial Owners of shares as at the closure of business hours on August 11, 2011 as per the list to be furnished by NSDL/CDSL in respect of the shares held in the Electronic mode; and
 - b. As Members in the Register of Members of the Company after giving effect to all valid share transfer requests in physical form which are lodged with the Company/RTA on or before the close of business hours on August 11, 2011.
9. Pursuant to section 205A(5) read with Section 205C of the Companies Act, 1956, as amended, the dividend amounts which remain unpaid / unclaimed for a period of 7 years, are required to be transferred to the "Investor Education and Protection Fund" constituted by 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 2003-04 which remains unclaimed is proposed to be transferred to the said account on October 26, 2011.
- Members who have not claimed / encashed their Dividend so far for the financial year ended 31st March, 2004 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 terms of section 109A of the Companies Act, 1956, by nominating in Form-2B (enclosed with the Annual Report) any person to whom their shares in the Company shall vest in the event of their death.
 11. Pursuant to Section 619(2) read with Section 224 (8) (aa) of the Companies Act, 1956, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The General Meeting may, authorize the Board to fix up an appropriate remuneration of Auditors for the year 2011-12 as may be deemed fit by the Board.
 12. Corporate Members are requested to send a duly

certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf 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 or the Registrar & Share Transfer Agent (M/s. Karvy Computershare Private Ltd.) 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 Attendance Slip duly completed and signed at the meeting.
- (ii) to quote their Folio/DP & Client 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 at the AGM.

By order of the Board of Directors



(I.P. Singh)

New Delhi

Dated: August 12, 2011

Company Secretary

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

The following explanatory statement sets out the material facts relating to the business mentioned in Item Nos. 7 to 14 of the accompanying Notice dated 12.08.2011:

ITEM NO. 7

Shri Trimbakdas S. Zanwar, aged 57 years is a Graduate in Arts and holds Masters degree in Law. As per the direction of the Govt. of India, Shri Trimbakdas S. Zanwar was appointed as an Additional Director of the Company w.e.f. 12.11.2010 to hold the Office for a period of three years i.e. upto 11.11.2013 or until further orders, whichever is earlier. Having been so appointed, Shri Trimbakdas S. Zanwar holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67 (iv) of the Articles of Association of the Company and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member along with a deposit of ₹ 500/-, proposing candidature of Shri Trimbakdas S. Zanwar for the Office of Director of the Company.

None of the Directors of the Company except Shri Trimbakdas S. Zanwar is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for

approval of the Shareholders.

ITEM NO. 8

Shri S. Ravi, aged 52 years is a Fellow Member of the Institute of Chartered Accountants of India and holds Masters Degree in Commerce. As per the direction of the Govt. of India, Shri S. Ravi was appointed as an Additional Director of the Company w.e.f. 10.03.2011 to hold the Office for a period of three years i.e. upto 09.03.2014 or until further orders, whichever is earlier. Having been so appointed, Shri S. Ravi holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67(iv) of the Articles of Association of the Company and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member along with a deposit of ₹ 500/-, proposing candidature of Shri S. Ravi for the Office of Director of the Company.

None of the Directors of the Company except Shri S. Ravi 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 Ambuj Sharma, aged 52 years is Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises. As per the direction of

the Govt. of India, Shri Ambuj Sharma was appointed as an Additional Director of the Company w.e.f. 15.03.2011. Having been so appointed, Shri Ambuj Sharma holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67(iv) of the Articles of Association of the Company and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member along with a deposit of ₹ 500/-, proposing candidature of Shri Ambuj Sharma for the Office of Director of the Company.

None of the Directors of the Company except Shri Ambuj Sharma 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 M.K. Dube, aged 58 years is a Mechanical Engineering Graduate from MACT (now MANIT) Bhopal. As per the direction of the Govt. of India, Shri M.K. Dube was appointed as an Additional Director of the Company w.e.f. 25.06.2011 to hold office for a period of five years or till the date of his superannuation or until further orders whichever is the earliest. Having been so appointed, Shri M.K. Dube holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67(iv) of the Articles of Association of the Company and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member along with a deposit of ₹ 500/-, proposing candidature of Shri M.K. Dube for the Office of Director of the Company.

None of the Directors of the Company except Shri M.K. Dube is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

ITEM NO. 11

Shri P.K. Bajpai, aged 56 years is a B. Tech (Mechanical) from IIT, Kanpur, MBA from University of Leeds (UK) and AICWA from Institute of Cost & Works Accountants of India. As per the direction of the Govt. of India, Shri P.K. Bajpai was appointed as an Additional Director of the Company w.e.f. 01.07.2011 to hold office for a period of five years or till the date of his superannuation or until further orders whichever is the earliest. Having been so appointed, Shri P.K. Bajpai holds office till the date of ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956 read with Article 67(iv) of the Articles of Association of the Company and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the Company has received a Notice in writing from a Member

along with a deposit of ₹ 500/-, proposing candidature of Shri P.K. Bajpai for the Office of Director of the Company.

None of the Directors of the Company except Shri P.K. Bajpai is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

ITEM NOS. 12 to 14

The equity shares of BHEL are part of BSE SENSEX as well as NSE CNXNIFTY and are actively traded. With a view to make share more affordable for the prospective small investors and expanding the shareholders base, the Board of Directors at their meeting held on 23rd May, 2011 have considered it desirable to sub-divide (split the face value) the existing nominal value of the equity share of the Company from ₹ 10/- per share to ₹ 2/- per share. It is expected that if the shares are sub-divided, it will increase its affordability and provide better marketability and liquidity.

In view of the above, it is proposed to sub-divide the nominal value of equity share of BHEL from the present ₹ 10 each paid-up per equity share in to five equity shares of ₹ 2 each paid-up. The proposal to sub-divide its shares in to a smaller amount is permissible as per Section 94 (1) (d) of the Companies Act, 1956. The sub-division of shares also calls for the corresponding amendment in **Clause V of the Memorandum of Association** and **Article 4-A of the Articles of Association** of the Company.

Upon approval of the shareholders for sub-division of shares, in case the shares are held in physical form, the old share certificates of face value of ₹ 10/- each will be cancelled on the record date and the new share certificates will be sent to the shareholders. In case the shares are held in dematerialized form, the sub-divided shares will be directly credited to the shareholders demat account on the record date in lieu of existing shares.

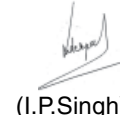
None of the Directors of the Company, except to the extent of their shareholding, is in any way, concerned or interested in the resolutions.

The Board of Directors of the Company recommends the Ordinary/Special resolutions as set out in the accompanied notice for approval of the Shareholders.

By Order of the Board of Directors

New Delhi.

Dated: August 12, 2011



(I.P. Singh)

Company Secretary



Bharat Heavy Electricals Limited

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

FORM OF PROXY

FOLIO/CLIENT ID NO.

NO. OF SHARES

I/We.....
 of.....
 in the District of.....being a member/
 members of the **Bharat Heavy Electricals Ltd.**, hereby appoint of
in the District of or
 failing him/her.....of
 in the District ofas my/our proxy to vote for
 me/us on my/our behalf at the 47th Annual General Meeting of the Company to be held on 20th September
 2011 and at any adjournment thereof.
 Signed thisday of.....2011.

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

47th ANNUAL GENERAL MEETING

to be held on Tuesday, the 20th day of September, 2011
 at 10.00 AM at Talkatora Indoor Stadium, Talkatora Garden, 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 47th Annual General Meeting on 20th September, 2011.

Signature of Member/Proxy

THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL



Bharat Heavy Electricals Limited

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

Dear Shareholder(s),

Re: Payment of dividend through National Electronic Clearing Services (NECS)/Electronic Clearing Services (ECS)

In case you have not already sent the NECS/ECS/Bank Account particulars to our Registrars, viz. M/s Karvy Computershare Pvt. Ltd. or to your Depository Participant (DP) (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 if declared in the 47th Annual General Meeting of the company to be held on 20th September 2011.

Please ensure that the details submitted by you to the Registrars / Depository Participant are correct as any error therein could result in the dividend amount being credited to wrong account.

Payment of dividend through NECS/ECS and / or to the designated Bank Account, which will appear on the dividend warrant, will help to prevent fraudulent encashment of dividend warrants.

Kindly help us in this endeavour to serve you better.

Yours faithfully

(I. P. Singh)
Company Secretary

P.S. In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank account particulars / NECS/ECS mandate.

FORM FOR NECS/ECS MANDATE/BANK ACCOUNT PARTICULARS

I / We..... do hereby authorise BHEL / my Depository Participant to :

- ☐ Print the following details on my / our dividend warrant
- ☐ Credit my dividend amount to my Bank account by NECS/ECS

(Strike out whichever is not applicable)

My / our Folio No or DP ID No.....Client A/c No.....

Particulars of Bank Account :

- A. Bank Name :
- B. Branch Name :
(Address for Mandate only)
- C. 9 digit code number of the bank & branch as :
appearing on the MICR cheque
- D. IFSC Code
- E. Account Type (Saving / Current) :
- F. Account No. as appearing on the cheque book :
- G. STD code & Telephone No. of Shareholder :

I / we shall not hold the Company responsible if the NECS/ECS could not be implemented or the Bank discontinues the NECS/ECS, for any reason.



M/s Karvy Computershare Pvt. Ltd.
UNIT: BHEL
17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500 081

.....
Signature of the Shareholder

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.

TEAR HERE

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, DP ID.....Client ID...../ Folio No..... 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 :

- 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.
- 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.
- 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.
- Nomination stands rescinded upon transfer of share.
- Transfer of share in favour of a nominee shall be valid discharge by a Company against the legal heir.
- 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.
- In case you are holding shares in demat form, kindly advise your Depository Participant to take note of nomination details.**

Corporate Social Responsibility



Adopted village Anneki-1



Girls' Education initiative at Tuticorin site



Games Competition at adopted village



Educational movie show for village children

Corporate Social Responsibility



Medical Camp being organised by BHEL as part of CSR initiatives



Medical check-up camp at adopted village of BHEL Haridwar Unit



Medical camp at village Sankal PSSR



Eye Check-up Camp at adopted village

Bankers

State Bank of India
Allahabad Bank
Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Canara Bank
Central Bank
CITI Bank N.A.
Corporation Bank
Deutsche Bank AG
The Federal Bank Ltd.
HDFC Bank
ICICI Bank
IDBI Bank
Indian Bank
Indusind Bank
Kotak Mahindra Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
Standard Chartered Bank
State Bank of Hyderabad
State Bank of Travancore
Syndicate Bank
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland N.V.
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

Auditors

S.N.Dhawan & Co., New Delhi

Gandhi Minocha & Co., New Delhi

Chandran & Raman, Chennai

Jawahar & Associates, Hyderabad

Mehrotra & Mehrotra, Kanpur

Phillipos & Co., Bangalore

S.L. Chhajed & Co., Bhopal

Cost Auditors

K. L. Jaisingh and Co.
(for Electric Motors at HEP Bhopal)

Geeyes & Co.
(for Steel Tubes & Pipes at SSTP Trichy)

Cost Audit Report 2010-11

Due date 27th September, 2011

(2009-10 filed on 19.08.2010)

Share Transfer Agent

M/s. Karvy Computershare Private Ltd.

UNIT : BHEL

Delhi Address : 105-108, Arunachal Building,
: 19, Barakhamba Road,
: New Delhi-110001
: Tel. : 011-23324401, 43681700/01/02/21
: Fax : 011-23730743
: e-mail : ksblldelhi@karvy.com

Hyderabad Address

UNIT : BHEL

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

Tel. : 040-44655000
Fax : 040-44655024
Email : madhusudhan@karvy.com
einwards.ris@karvy.com

Web : www.karvycomputersshare.com

Registered Office

BHEL House, Siri Fort,
New Delhi-110049 (India)
Phone : 66337000 (15 Lines)
Fax : 011-66337533
<http://www.bhel.com>



*Powering Progress... Brightening Lives
Touching Every Indian Home*



Bharat Heavy Electricals Limited

Regd. Office : BHEL House, Siri Fort, New Delhi-110 049
Visit our website : www.bhel.com