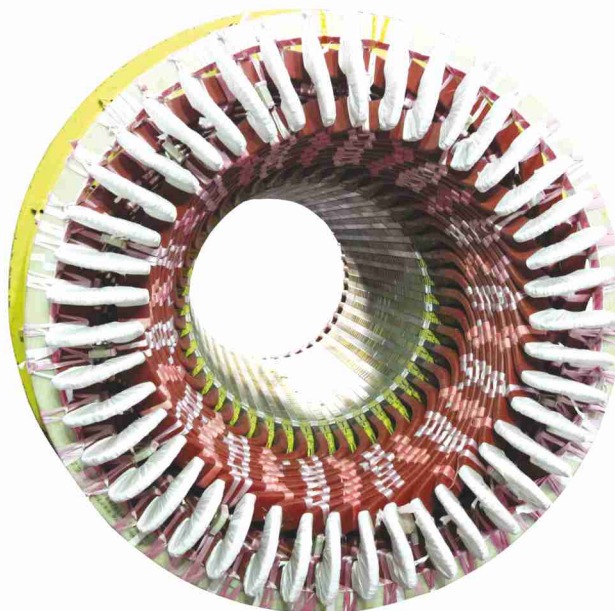
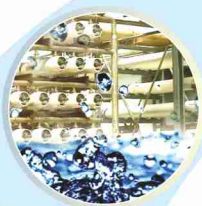




Sustaining Leadership...
Engineering New Growth Avenues

ANNUAL REPORT

2012 - 13





VISION

A global engineering enterprise providing solutions for a better tomorrow



MISSION

Providing sustainable business solutions in the fields of Energy, Industry & Infrastructure

VALUES

- GOVERNANCE** : We are stewards of our shareholders' investments and we take that responsibility very seriously. We are accountable and responsible for delivering superior results that make a difference in the lives of the people we touch.
- RESPECT** : We value the unique contribution of each individual. We believe in respect for human dignity and we respect the need to preserve the environment around us.
- EXCELLENCE** : We are committed to deliver and demonstrate excellence in whatever we do.
- LOYALTY** : We are loyal to our customers, to our company and to each other.
- INTEGRITY** : We work with highest ethical standards and demonstrate a behaviour that is honest, decent and fair. We are dedicated to the highest levels of personal and institutional integrity.
- COMMITMENT** : We set high performance standards for ourselves as individuals and our teams. We honour our commitments in a timely manner.
- INNOVATION** : We constantly support development of newer technologies, products, improved processes, better services and management practices.
- TEAM WORK** : We work together as a team to provide best solutions & services to our customers. Through quality relationships with all stakeholders we deliver value to our customers.

GR-ELICIT



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Letter to Shareholders



Dear Shareholders,

The past year has been a defining one for your company BHEL as we became a 'Maharatna' company, crossed ₹ 50,000 Crore turnover mark and achieved the highest ever addition of 10,340 MW to India's electricity generation capacity while navigating through one of the most difficult economic and business environment of our times. Despite a challenging environment for Indian industry, your company has not lost its focus on creating shareholders' value. The following outlines the milestones we have achieved during the year 2012-13:

- BHEL has achieved the highest ever turnover of ₹ 50,156 Crore during 2012-13 registering a growth of 1% despite adverse business conditions. With the Net Profit of ₹ 6,615 Crore, we were able to maintain the level of previous five years (2007-12) average profit margins of 14% on the back of strong focus on manufacturing efficiencies.
- Recognising the consistent performance over a longer period of time, your company has been bestowed with the coveted 'Maharatna' status by Govt. of India, resulting in further empowerment of the Board for greater business agility.
- A total of ₹ 31,650 Crore of orders were received by your company, which was an increase of 43% over 2011-12. It included 8 nos. of TG, 9 nos. of Boilers and 7 nos. of ESP packages for supercritical sets. Interestingly with market share of 67% in power sector, BHEL continues to maintain its leadership position in Indian market despite rising intensity of competition.
- Various initiatives taken by your company in recent past for accelerated project execution have started fetching results. We were able to synchronise/commission all time high 10,340 MW of power plant equipment including 9,328 MW in utility segment. Your company successfully commissioned India's first indigenously manufactured subcritical set of 600 MW rating on EPC basis at North Chennai.
- With the objective of becoming an innovative developer of clean, efficient, reliable and affordable products, systems and technologies, we continue to relentlessly strengthen our technology and innovation capabilities. BHEL invested ₹ 1,252 Crore in R&D during the year. The highest ever 385 patents and copyrights were filed raising the intellectual capital of BHEL to 2,170.
- Your company has signed MoU with Indian Railways for setting up a green field coach factory for Mainline Electric Multiple Unit at Bhilwara, Rajasthan. This is a significant step in our diversification endeavours.

Positioning for Future

We are at a critical juncture in our history as we endeavour to sustain growth momentum, increase shareholder wealth and fulfil our vision of becoming a global engineering enterprise. We are proud of the work your company has done to augment manufacturing capacity, enhance pace of project execution, strengthen engineering and technology capabilities, and people development.

- The Company has adopted its Strategic Plan 2012-17. The plan attempts to steer the company towards becoming a global engineering enterprise. Key drivers of our success are expanding our offerings in Power Sector by

building EPC capability, focus on Industry businesses, expansion of spares & services and adoption of collaborative approach.

- Power sector will continue to remain major contributor in our top line with transportation and transmission emerging as next big business verticals. Strategies are in place to strengthen our presence in Nuclear, Renewable and Water segments.
- Efforts are being made to make supply chain agile and accelerate project execution through sustained focus on vendor base expansion, scaling up procurement through technology initiatives, advanced manufacturing action, global sourcing etc.
- We are working towards developing lower rating sets with supercritical parameters providing alternatives to the Utilities to take advantage of this eco-friendly and fuel efficient technology.
- To expand our nuclear energy portfolio, efforts to increase scope by offering products beyond conventional island in Nuclear business are under way.
- BHEL's collaborative initiatives to address the growing demand potential in Railway Transportation including Metro & Suburban Railways include initiative with Indian Railways for setting up a greenfield Mainline Electrical Multiple Unit (MEMU) Coach Factory in Rajasthan.
- Considering the National Action Plan on Climate Change targeting 15% of electricity generation from renewables by 2020, BHEL is looking towards expanding its capacity to manufacture photo voltaic modules & cells.
- We have constituted R&M Systems Group (RMSG) to address emerging opportunities in Renovation and Modernisation of Power Plants.
- In a bid to address the aspirations of the company to become a preeminent supplier of Industrial Boiler, Nuclear Steam Generator & supplier of equipment for process Industries, merger of BHPV Vizag with BHEL is under way. Further, in a bid to make headway in new product areas like Alternators for Traction applications etc. facilities of BHEL-EML Kasargod, a joint venture of BHEL and Kerala Govt., are being leveraged.
- 'Engineering and Technology' is our strength. To uphold our reputation for excellence in our core capability, we will continue to upgrade existing products to contemporary levels and develop new products through continuous in-house efforts as well as through acquisition of new technologies.

Conclusion

Looking ahead, the Board and Management of your company will continue to execute various strategies to develop existing assets, optimize business portfolio through diversification, strengthen financial performance and drive operational efficiencies throughout the organization. I am confident that our strategic endeavours would generate sustainable growth, stronger cash flows, and better returns on capital and greatly improve shareholder wealth.

I would like to thank my fellow Directors and members of the Management Committee for their wisdom and support. I would also like to extend a special thanks to each and every shareholder of BHEL, whose trust and confidence have been the motivating force in all our endeavours. I thank all our customers and business associates in India and abroad for their unstinted loyalty and steadfast patronage of our products and services. Various Ministries of GoI, particularly the Department of Heavy Industry, have been providing valuable guidance and support in our efforts. Finally, a word of thanks to more than 48,000 employees of BHEL who are making these successes happen. I am extremely proud of their outstanding performance over this period and have full confidence in their ability to deliver even greater success going forward.

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

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

With best wishes,

New Delhi
August 14, 2013


(B. Prasada Rao)
Chairman & Managing Director

Board of Directors

As on 01.08.2013



Shri B. Prasada Rao
Chairman & Managing Director



Ms. Kusumjit Sidhu
Additional Secretary &
Financial Adviser



Shri Ambuj Sharma
Joint Secretary



Shri Trimbakdas S. Zanwar
Director



Shri S. Ravi
Director



Shri Atul Saraya
Director (Power)



Shri P.K. Bajpai
Director (Finance)



Shri R. Krishnan
Director (HR)



Shri W.V.K. Krishna Shankar
Director (IS&P)



Shri I.P. Singh
Company Secretary

Management Committee

As on 18.07.2013

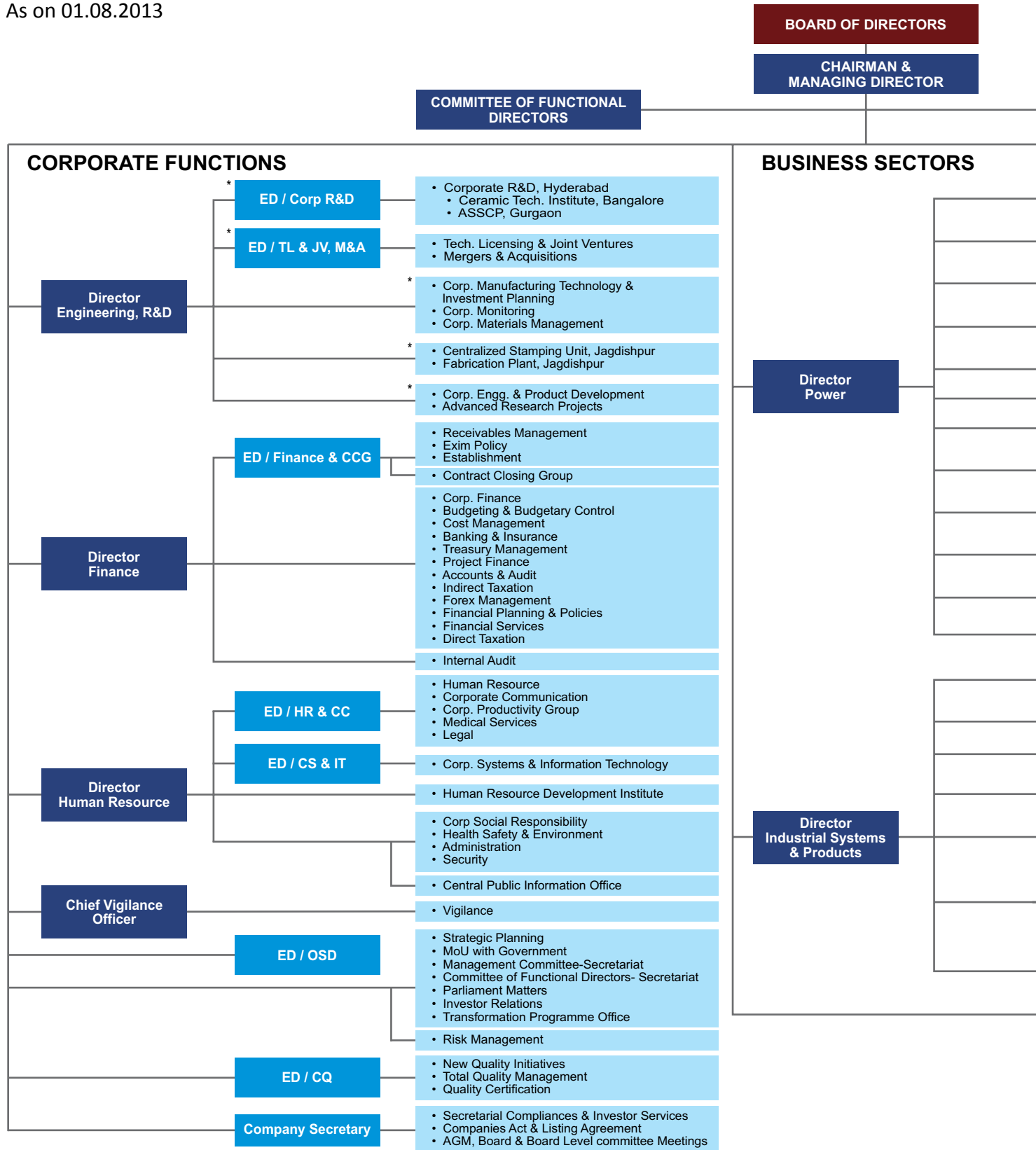


- Standing (Left to Right)** : Akhil Joshi, K.S. Shivaprasad, Rajeev Srivastava, S.V.S. Narayana, Dr. S. Sekar, Arun Singhal, Prakash Chand, Anuj Bhatnagar, N. Ravichander, Rakesh Mathur, S.R. Prasad, A.S. Nagaraja, V.K. Midha, Arvind Gupta, A.K. Ghosh, Rajiv Puri, S. Gopinath
- Sitting R-2 (Left to Right)** : K.C. Ramamurthy, S.C. Mittal, Dr. Sukul Lomash, Anil Ahuja, N.K. Bansal, Atul Sobti, K.S. Mathur, C.K. Srikkhande, A.K. Dave, Umesh Mathur, A. Dasgupta, Subodh Gupta, T.N. Veeraraghavan, B. Shankar, Jainender Kumar
- Sitting R-1 (Left to Right)** : P.K. Uppal, A.V. Krishnan, P.K. Bajpai, Atul Saraya, B.Prasada Rao, M.K. Dube, R. Krishnan, M. Rajiv Kumar, W.V.K. Krishna Shankar

B. Prasada Rao	- Chairman & Managing Director - Additional Charge of: - Engineering, Research & Development - Corporate Engineering & Product Development - Corporate Research & Development - Advance Research Projects - Corporate Manufacturing Technology & Investment Planning - Corporate Monitoring - Corporate Materials Management - Technology Licensing & Joint Ventures and M&A - Centralised Stamping Unit and Fabrication Plant	B. Shankar	- Human Resource & Corporate Communication
		T.N. Veeraraghavan	- Boiler Auxiliaries Plant
		W.V.K. Krishna Shankar	- Industry Sector
		A. Dasgupta	- Corporate Systems and Information Technology
		Umesh Mathur	- Transmission Business
		A.K. Dave	- Transformer Plant
		C.K. Srikhande	- Power Sector-Northern Region
		K.S. Mathur	- Power Sector-Management Services
		Atul Sobti	- Industrial Systems Group
Atul Saraya	- Power Sector Business (Marketing, Project Engineering, E&C, Project Management, Technical Services, Spares & Services)	N.K. Bansal	- Power Sector-Technical Services
		Anil Ahuja	- Industrials Products Business (Elect. & Mech.) - Transportation Business
M.K. Dube	- Industrial Systems & Products Business (Captive Power Plants, Transmission, Transportation, Defence, Mechanicals, Electricals, Renewables, Project Management) - Ceramic Business - Component Fabrication Plant - Project Engineering & Systems Division - Regional Operations Division	Dr. Sukul Lomash	- Officer on Special Duty-Corp. Office
		S.C. Mittal	- Finance-Receivables Management - Contract Closing
		K.C. Ramamurthy	- Electronics Division - Electronics Systems Division
		S. Gopinath	- Piping Centre - Power Plant Piping Unit, Thirumayam
P.K. Bajpai	- Corporate Finance - Budgeting & Control - Cost Management - Treasury Management - Accounts & Audit - Taxation - Forex Management - Internal Audit - Financial Services	Rajiv Puri	- Project Engineering Management
		A.K. Ghosh	- Power Sector-Southern Region
		Arvind Gupta	- Project Engineering & Systems Division
		V.K. Midha	- Renewables & Water Business
		A.S. Nagaraja	- Ceramic Business
		S.R. Prasad	- Heavy Electrical plant - Electrical Machines Repair Plant
R. Krishnan	- Human Resource - Corporate Communication - Corporate Systems and Information Technology - CSR, Health, Safety & Environment	Rakesh Mathur	- Power Sector-Marketing
		N. Ravichander	- Heavy Power Equipment Plant
		Anuj Bhatnagar	- Corporate Quality
		Prakash Chand	- Heavy Electrical Equipment Plant - Pollution Control Research Institute
A.V. Krishnan	- High Pressure Boiler Plant - Seamless Steel Tube Plant - Industrial Valves Plant - Welding Research Institute	Akhil Joshi	- Technology Licensing & Joint Ventures - Mergers & Acquisitions
M. Rajiv Kumar	- Power Sector-Eastern Region	Arun Singhal	- Power Sector-Western Region
P.K. Uppal	- International Operations	Dr. S. Sekar	- Corporate Research & Development
Subodh Gupta	- Captive Power Plant Business - Defence Business - Industry Sector-Project Management	S.V.S. Narayana	- Central Foundry Forge Plant
		Rajeev Srivastava	- Spares and Services Business - Heavy Equipment Repair Plant - Renovation & Modernisation
Jainender Kumar	- Power Sector-Project Management	K.S. Shivaprasad	- Secretary, Management Committee

Corporate Organisational Structure

As on 01.08.2013



MANAGEMENT COMMITTEE

OPERATIONS

ED / PS-Marketing	• Power Sector – Marketing
ED / Hydro & Nuclear	• PS– Marketing, Hydro & Nuclear
ED / PS-Project Management	• Project Management
ED / PS-SSBG	• Spares & Services Business Group ^{\$} • Heavy Equipment Repair Plant, Varanasi • R&M Systems Group, Bhopal
ED / PS-PEM	• Project Engineering Management
	• Technical Services
ED / PS-ER	• PS Eastern Region, Kolkata
ED / PS-NR	• PS Northern Region, NOIDA
ED / PS-WR	• PS Western Region, Nagpur
ED / PS-SR	• PS Southern Region, Chennai
ED / MSX, SCT, IT	• Management Services • PS HQ- Quality, Safety & MM • PS-Human Resources
ED / CPP, Defence, PMG	• Captive Power Plant Business • Defence Business • Project Management Group • Renewables & Water Business
ED / TBG	• Transmission Business Group
ED / TBD, IPM & IPE	• Transportation Business • Transportation Systems Group • Industrial Products Business (Elect & Mech.)
ED / ROD & CFP	• Regional Operations Division • Component Fabrication Plant, Rudrapur
ED / CBU	• Electro Porcelains Division, Bangalore • Insulator Plant, Jagdishpur
ED / PE&SD	• Project Engg. & Systems Division, Hyderabad
ED / International Operations	• Overseas Business

ED / Bhopal	• Heavy Electrical Plant, Bhopal • Centre for Electric Transportation, Bhopal • EMRP, Mumbai
ED / Jhansi	• Transformer Plant, Jhansi
ED / HEEP, Haridwar	• Heavy Electrical Equipment Plant, Haridwar • Pollution Control Research Institute, Haridwar
ED / CFFP, Haridwar	• Central Foundry Forge Plant, Haridwar
ED / HPEP, Hyderabad	• Heavy Power Equipment Plant, Hyderabad
ED / Trichy	• High Pressure Boiler Plant, Trichy • Seamless Steel Tube Plant, Trichy • Welding Research Institute, Trichy • Industrial Valves Plant, Goindwal
ED / Thirumayam & PC	• Piping Centre, Chennai • Power Plant Piping Unit, Thirumayam
ED / BAP, Ranipet	• Boiler Auxilliary Plant, Ranipet
ED / EDN, Bangalore	• Electronics Division, Bangalore • Electronics Systems Division, Bangalore
ED / ISG, Bangalore	• Industrial Systems Group, Bangalore

^{\$} Matrix reporting to Director(IS&P) for Industry sector Business

* Presently report to CMD

Corporate Profile

Established in 1964, BHEL is India's largest engineering and manufacturing company of its kind engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation, Renewable Energy, Oil & Gas and Defence. The company has been earning profits continuously since 1971-72 and paying dividends since 1976-77. In recognition of its consistent high performance, BHEL has been conferred with 'Maharatna' status by Government of India on 1st February, 2013. It is now one among the seven Maharatna PSEs. Hon'ble Prime Minister of India has dedicated the Power Plant Piping Unit, Thirumayam Tamil Nadu, 16th Manufacturing Unit of BHEL, to the Nation on 2nd August 2013. With widespread network of 16 manufacturing units, two repair units, four regional offices, eight service centres, eight overseas offices, 15 regional centres, seven joint ventures and infrastructure to execute more than 150 project sites across India & abroad BHEL provides products, systems and services to customers efficiently and at competitive prices. The company has enhanced its capability to deliver 20,000 MW p.a. of power equipment to address growing demand for power generation equipment. The foundation stone for the new Greenfield Power Equipment Fabrication Plant of BHEL at Bhandara, Maharashtra was laid by the Hon'ble Chief Minister of Maharashtra on 14th May, 2013. The company places strong emphasis on innovation and creative development of new technologies. Our research and development (R&D) efforts enable us to have a strong customer orientation responding to the changes in the market.

The high level of quality & reliability of our products is due to adherence to international standards by acquiring and adapting some of the best technologies from leading companies in the world including General Electric Company, Alstom SA, Siemens AG and Mitsubishi Heavy Industries Ltd., together with technologies developed in our own R&D centres.

Most of our manufacturing units and other entities have been accredited to Quality Management Systems (ISO 9001:2008), Environmental Management

Systems (ISO 14001:2004) and Occupational Health & Safety Management Systems (OHSAS 18001:2007). BHEL, where Quality has taken deep roots as per internationally recognized quality systems, has once again made significant achievements by securing (a) Two 'CII-ITC Sustainability Awards 2012' for Strong Commitment towards sustainability and (b) 'Commendation for Significant Achievements in TQM by two units of BHEL.

Continuing its tradition of winning prestigious national/ international awards, the organization and its employees won several awards during the year which included 'SCOPE Meritorious Award for Human Resource Management'; Indian Chamber of Commerce 'PSE Excellence Award' in the R&D, Technology & Innovation category; '3 Star Gold Awards' for Quality Circles by 3 BHEL units. The significant awards conferred in the Individual category to the CMD include 'NITIE Distinguished Alumnus Award 2012'; 'BT-STAR Best PSU Man of the Year Award 2012'; Enertia 'Power Man of the Year Award', to name a few. BHEL was declared the Best PSU in the Electrical & Electronics category by Dun & Bradstreet. Customer satisfaction survey has also been conducted for Power Sector for the first time, in the month of January 2013.

Power Generation

BHEL is the largest manufacturer of Power generation equipment in India, supplying wide range of products & systems for thermal, nuclear, gas and hydro-based utility and captive power plants. The company has the capability to execute power projects on turnkey/EPC



660 MW Turbine LP Rotor for Bara Project, under assembly at HEPP, Haridwar



2x800 MW Krishnapatnam TPS

basis from concept to commissioning. 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 manufacture 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. As a part of new growth areas, offerings for balance of plant control, control & instrumentation beyond conventional island in nuclear segment and Flue Gas Desulphurisation (FGD) Systems in Coal based thermal power plant have been identified. With realization of enhanced capability, BHEL is well poised to meet the growing demand for power plant equipment in the country.

With installed capacity of 1,15,500 MW BHEL make Utility sets, BHEL maintained its lion's share of 57% in the country's total installed capacity comprising Thermal, Hydro and Nuclear Sets as of 31st March, 2013. BHEL has achieved an all time high 10,340 MW synchronization/commissioning of Power plant

equipment during the year including 10 nos. 500 MW sets and India's first indigenously manufactured subcritical set of 600 MW rating at North Chennai. As a testimony to its prowess of manufacturing superior quality equipments, BHEL's 500 MW thermal sets have achieved consistent availability of more than 90% for the last six years.

Industries

BHEL is also a leading manufacturer of a variety of Industrial Systems & Products. Industry business of the company aims at meeting the growing demand for a number of industries, like metallurgical, mining, cement, paper, fertilizers, refineries & petro-chemicals etc. besides Captive / Industrial utilities. Products and systems supplied by BHEL include 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.

Over the years, BHEL has innovated in its offerings of Industrial products & systems and emerged as a major supplier for the sunrise sectors of the Industry. Controls and instrumentation systems, especially distributed digital control systems for various power plants and industries, has been one of the areas where BHEL has established its footprint as a major supplier. BHEL has also emerged successful in establishing itself as motor supplier in the Irrigation sector with pump OEMs. The Industry business sector of the company is fully geared to execute EPC contracts for captive power plants from concept to commissioning.



366 MW CCPP at IOCL's Paradeep Refinery

Transportation

BHEL provides electrical propulsion systems, controls and rolling stocks of various capacities to Indian Railways, India's most important transportation infrastructure with large share of passenger traffic and goods. The range of products offered in railway transportation include traction motors, traction generators / alternators, transformers, substation equipment, vacuum circuit breakers, locomotive bogies, smoothening reactors, exciters, converters, inverters, choppers and associated control equipment, viz. master controllers, chopper controllers, brake and door equipment, electronic controls including software based controls extending to rolling stock and other transport applications. The systems supplied are both with the conventional DC and state-of-the-art AC drives. The company also supplies Diesel Electric locomotives to process industries, metro rail and coal fields. Almost all the EMUs in service are equipped with electrics manufactured and supplied by BHEL. India's first underground metro at Kolkata runs on drives and controls supplied by BHEL.

Aimed at maximizing business through mutually beneficial strategic tie-up, BHEL has inked MoU with Indian Railways for setting up a Greenfield Mainline Electric Multiple Unit (MEMU) coach factory in Rajasthan to cater to the growing demand for more local and suburban trains. Loco manufacturing capacity at Jhansi unit is under augmentation to meet increased requirements of Indian Railways. BHEL has proved its capabilities and technological excellence by successfully establishing itself as an indigenous manufacturer of energy efficient IGBT based propulsion system for AC drives of locomotives, a



Electric Locomotive (25 kV AC, Type WAG 7)

landmark achievement in transportation sector. 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

Global warming, climatic change, increasing costs of fossil fuel are driving the demand for renewed focus on Renewable Energy. With the government giving impetus for accelerated growth in this area, BHEL has been in the forefront by supplying & commissioning large size stand alone as well as Grid interactive Solar Power plants. The company has commissioned nearly 2 MW SPV plants at various Islands of Lakshadweep,



Grid-connected 5 MW Solar PV plant in Karnataka

besides commissioning a 5MW SPV plant for KPCL at Mandya, Karnataka. Currently, two Solar PV projects of 10MW each are being executed for NTPC. As a part of commitment to sustainable development under the green initiative, a 5 MW SPV plant is also under installation at BAP, BHEL Ranipet. Options for expanding the capacity of manufacturing SPV modules are also being looked into. In order to provide EPC solutions in the area of Concentrated Solar Thermal Power (CSP), an agreement with Abengoa, Spain, is already in place. The company is working jointly with IIT-Rajasthan & IOCL for Research Design & Development (RD&D) activities of products & systems in Concentrated Solar Thermal area.

Oil and Gas

BHEL possesses expertise to design, manufacture and service various types of onshore rigs to suit the

Indian service conditions. BHEL supplies onshore drilling rig equipment like draw-works, rotary-table, travelling block, swivel, mast and sub-structure, mud systems and rig electrics to leading oil and natural gas exploration companies of India. BHEL now has the capability to manufacture conventional on shore deep drilling rigs up to a depth of 9,000 meters, Mobile rigs up to a depth of 3,000 meters and Well servicing rigs up to a well- depth of 6,100 meters.

Well heads & X-Mas Tree Valves upto 10,000 psi rating for onshore as well as offshore applications are also supplied by the company to ONGC, Oil India Ltd. and Private Drilling Companies. Customers like ONGC, Oil India and other drilling companies have once again reposed faith in BHEL by giving record orders during the year 2012-13 for supply of Well Heads and X-Mas Trees as well as repeat orders for refurbishing and up grading of Oil rigs to meet the increased demand of crude.

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, 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 indigenously developed and commercialized 36 kV & 145 kV GIS and 765 kV transformers and

shunt reactors. The company has also developed & supplied 1200 kV CVT and 1200 kV transformers for the first 1200 kV test station in the country. BHEL has additionally developed & tested 420 kN disc insulators for 1200 kV transmission lines and now has a range of disc insulators for EHV and UV AC/DC applications up to 1200 kV AC and ± 800 kV DC, solid core insulators up to 400 kV and hollow porcelain insulators up to 765 kV AC.

BHEL has indigenously developed & executed schemes using FACTS devices like Fixed Series Compensation for 400 kV lines and Controlled Shunt Reactor (CSR) for dynamic reactive power management of long 400 kV transmission lines. For controlling power flow in 400 kV systems, BHEL has developed Phase Shifting Transformers indigenously. With its strong engineering base, the company undertakes turnkey execution of Substation/Switchyards up to 765 kV project. BHEL is executing the first ± 800 kV HVDC North East- Agra multi terminal project for efficient transmission of bulk power over long distance.

International Business

BHEL has established its references in 75 countries across all inhabited continents of the world. These references encompass almost the entire range of BHEL products and services, covering Thermal, Hydro and Gas-based turnkey power projects, Substation projects, Rehabilitation projects, besides a wide variety of products like Transformers, Compressors, Valves, Oil field equipment, Electrostatic Precipitators, Photovoltaic equipment, Insulators, Heat Exchangers, Switchgears, Castings and Forgings etc.



400 kV Substation at Gas-based Power Plant, OTPC-Palatana



4x125 MW Kosti Thermal Power Plant, Sudan

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. Continued focus on After-Sales-Services led to orders for Spares & Services from Indonesia, Bhutan, Oman, Malaysia, Bangladesh, Vietnam, Srilanka, Saudi Arabia and UAE during 2012-13. BHEL also possesses the requisite flexibility to interface and complement other international companies for large projects, and has exhibited adaptability by manufacturing and supplying intermediate products. As a part of its aim to expand offerings through strategic tie-up in International arena, an MoU has been signed with the Ministry of Energy and Industry, Tajikistan for setting up of two Hydro Power Projects (2x50 MW) on Zeravshan River, Tajikistan. As a part of establishing long-term relationships with key customers who can bring long-lasting value to the company, Enterprise Framework Agreement (EFA) has been signed with Shell for the supply of Gas Turbine Generator (GTG) packages to select Shell locations in Asia-Pacific, Middle-East, Central Asia, Eastern Europe and Africa. The company is firmly perched to expand its vista by 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.

The prevailing environment of uncertainties in euro zone, lower than expected growth in other developed countries and political instability in North Africa, has a contagion effect on the target international market of BHEL. Notwithstanding subdued international business environment propelled by deferment of capital investments in projects, the company has been able to secure power plant equipment orders worth 1760 MW during the year 2012-13. The year also witnessed the commissioning of five power plants in overseas markets in Libya, Vietnam, Tajikistan, Indonesia and Ethiopia.

Technology Up-gradation, Research & Development

Innovation across every element of the business value chain through a sustained process of Research, Development & Deployment (RD&D) is a key imperative in today's competitive context. BHEL over a period of almost half century has successfully evolved



5-Axis Scoop Milling Technology for manufacture of Shrouded 3D Impellers of Centrifugal Compressors

into an innovation-friendly organization emphasizing on R&D/Technology development in its endeavor to realize its strategic aspiration of becoming engineering conglomerate with inspirational growth culture. Accordingly BHEL pursued the strategy of in-house product development by encouraging innovation in line with the "Decade of Innovations (2010-2020)" declared by Govt. of India. As a major step towards this, the company has formulated its R&D policy. Significantly during 2012-13, BHEL invested ₹ 1252 Crore on R&D efforts, 4.4% higher than the previous year. BHEL's efforts for encouraging innovation have resulted in raising BHEL's IPR capital tally to 2,170 patents and copyrights. The turnover from in-house developed products and services has clocked ₹ 9,643 Crore, which is around 19% of the turnover of the company.

The Corporate R&D Division at Hyderabad leads BHEL's research efforts using emerging technologies to offer state-of-the-art total engineering solutions in line with the focus of the country to remain contemporary in terms of technology vis-à-vis global benchmark. Research and product development centers at each of the manufacturing divisions play a complementary role. With the aim of facilitating advanced R&D activities in focused areas, BHEL has established 13 Centers of Excellence across the company equipped with know-how, know-why and state-of-the-art facilities along with specialized manpower. The significant R&D initiative of the year has been Design Automation and Knowledge Based Engineering (KBE) for all major products across the company to offer optimized benchmark solutions. Significantly, 146 Technology Plans over 1500 R&D projects have been



Real Time Digital Simulation Facility installed at COE-ATS at Corporate R&D

identified for establishing self sufficiency in the areas of UHV transmission, Transportation, Ultra Super Critical Plants, Renewable energy, IGCC, Water etc.

In addition to Corporate R&D Division, BHEL has four specialized Institutes, viz., Welding Research Institute at Trichy, Ceramic Technological Institute at Bangalore, Hydro Lab at Bhopal and Pollution Control Research Institute at Haridwar.

Human Resource Development Institute

Consistent with 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 programs, enables the human resources to unearth and hone their potential. BHEL’s human resource management systems and processes are geared towards creating a responsive, customer-centric and market-focused culture that enhances organizational capability and vitality equipped to leverage emerging market opportunities.

In line with changing market requirements, BHEL’s unflinching commitment to investing in up-gradation of knowledge and skills of its employees ensures excellence in performance. As a part of continued thrust on Leadership Development, Development Centers were conducted for senior level executives to assess their competency levels based on BHEL’s Leadership Competency framework. Around 352 executives were covered in this assessment during the year 2012-13 and given feedback on their strengths and areas for development.

During 2012-13, developmental programs for 4.95 mandays per employee were conducted and 2,202 customer personnel were trained at various units. Some of the Core programs conducted during the year 2012-13 for internal stakeholders include Strategic need based modules; Competency based programs and Functional Programs like Advanced Management Programs, General Management Programs, Strategic Management Programs, Senior Management Programs and Young Managers Programs for budding managers. Technical training programs were conducted in various functional areas like Quality Management, Project Management, Contract Management, Material Management, Finance & Accounting to keep the employees updated with the changes taking place in the environment.

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

Worldwide there is an increasing realization that societal challenges arising out of poverty, environmental degradation and climate change pose an unprecedented threat to the future sustainability of businesses across the globe. BHEL, in conformity with this concern, evinced its commitment towards environment in all its activities, products and services by providing safe and healthy working environment to all stakeholders. Recognizing the stress on environment, during 2012-13, BHEL continued with environment improvement projects (EIP) including tree-plantation, Water harvesting, installation of effluent treatment plants, energy & resource conservation projects, utilization of non-conventional energy sources, noise level reduction systems to mention a few. Further, in keeping with the commitment towards green initiatives and contributing to sustainable development, BHEL is establishing a 5 MWp grid-interactive SPV power plant at its Boiler Auxiliary Plant at Ranipet. Energy audit was completed in twenty projects during the year. These projects helped in enriching the environment and conservation of precious resources like energy, water, fuel oil, coolant, lubricant, mitigating environmental pollution.

BHEL has been actively developing and acquiring clean technologies for power generation enabling its customers to minimize the impact of power generation

on the environment. Reinforcing its commitment to optimum utilization 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. Supplementing its efforts to reduce greenhouse gas emissions in a more focused and vigorous way, the company has geared up for the manufacture and supply of state-of-the-art pollution control equipment called Flue Gas Desulphurisation (FGD) system for removal of Sulphur Dioxide (SO₂) from the flue gas to meet the emerging requirement of thermal power plants. Under the aegis of the National Mission on Clean Coal Technology, BHEL, in association with IGCAR, NTPC and other organizations, is developing Advanced Ultra Supercritical Technology. The company won the prestigious 'Golden Peacock Award for Occupational Health & Safety 2011' for significant achievements in the field of Occupational Health & Safety.

Corporate Social Responsibility

BHEL is a committed Corporate Citizen fully alive to the need of building synergy between business and Corporate Social Responsibility (CSR) as an integral part of its business strategy. As a part of this, in line with previous years, BHEL undertook socio-economic and community development programs during the year 2012-13 to promote education, improvement of living conditions, health and hygiene in villages and communities located in the vicinity of its manufacturing plants and project sites spread across the country. BHEL financially supported 100 brilliant girl children, who have passed class X, to pursue higher education up to Post-graduation level under program titled 'Udayan Shalini'. The company has joined hands with the Govt. of India's 'Project Udaan' for



Medical treatment to victims of Uttarakhand tragedy at Rishikesh

enhancing the employability of the youth of J&K and to integrate them with the mainstream of the country. BHEL has also adopted a CSR Policy in line with the CSR guidelines issued by Department of Public Enterprises.

BHEL's company-wide campaign titled '**Vision to All-BHEL's Call**' has been responded with more than 51,000 pledges from employees and their families for donation of their eyes. The company has also ventured into yet another noble cause for organ donation.

During 2012-13, as part of social commitment, 6,139 Apprentices were trained in the company. In addition, 8390 students/trainees from various professional institutions underwent vocational training.

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.



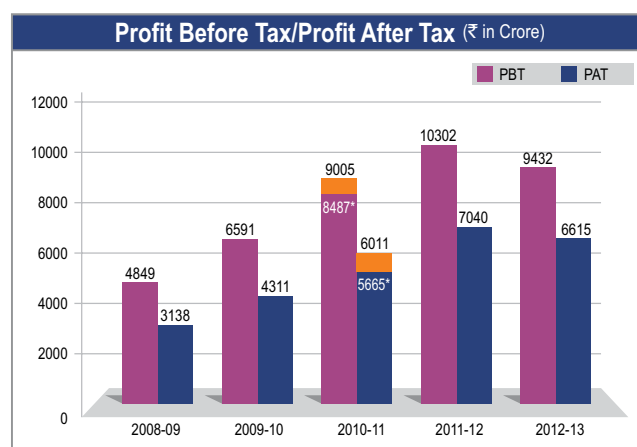
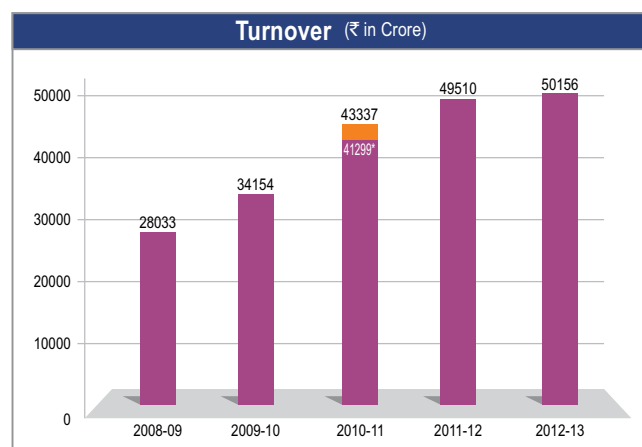
Food delivery vans provided by BHEL to Akshay Patra Foundation for providing Mid-day meal to school children in Kamrup distt. of Assam

Year at a Glance

(₹ in Crore)

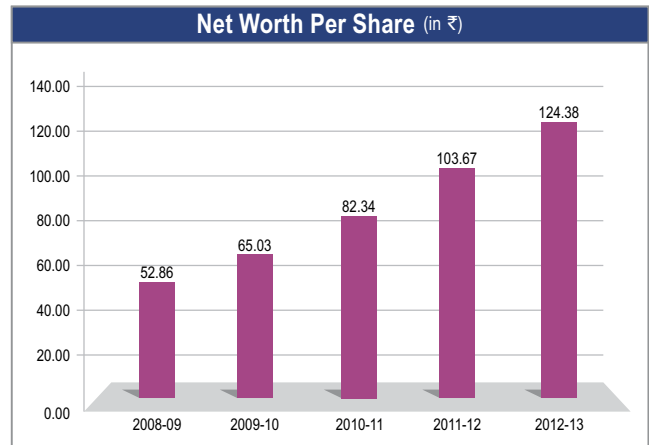
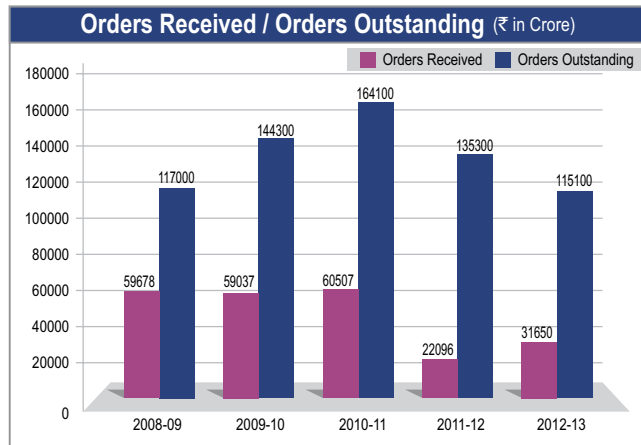
	2012-13	2011-12	Change (%)
Turnover	50156	49510	1.3
Profit Before Tax	9432	10302	-8.4
Profit After Tax	6615	7040	-6.0
Retained Earnings	5071	5219	-2.8
Total Assets	70128	66776	5.0
Net Worth	30444	25373	20.0
Long Term Borrowings	129	123	4.9
Debt : Equity	0.01	0.01	-
Per Share (in ₹) :			
- Net worth	124.38	103.67	20.0
- Earnings	27.03	28.76	-6.0
Economic value added	2657	4032	-34.1
Employee (Nos.)	48399	49390	-2.0

Financial Charts

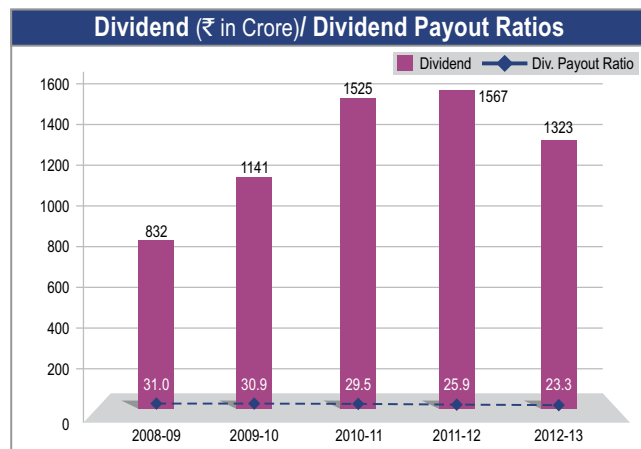


*Excluding one time impact of change in policy of warranty obligation for earlier years

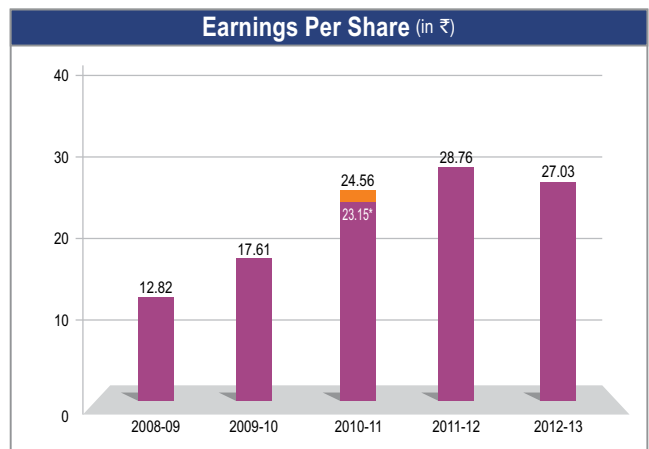
Financial Charts



Figures prior to 2011-12 are restated on post-split on number of shares on like to like basis.

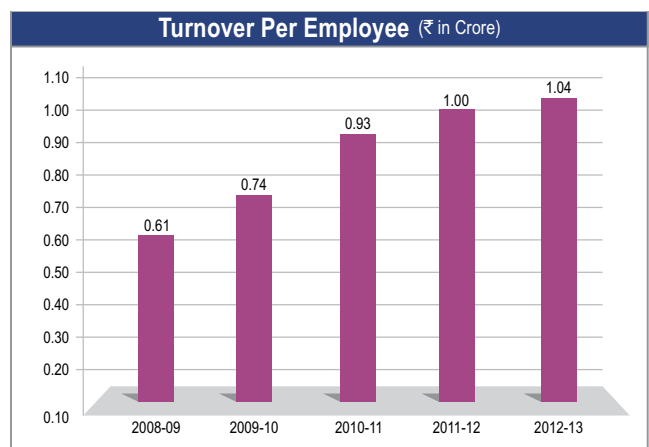
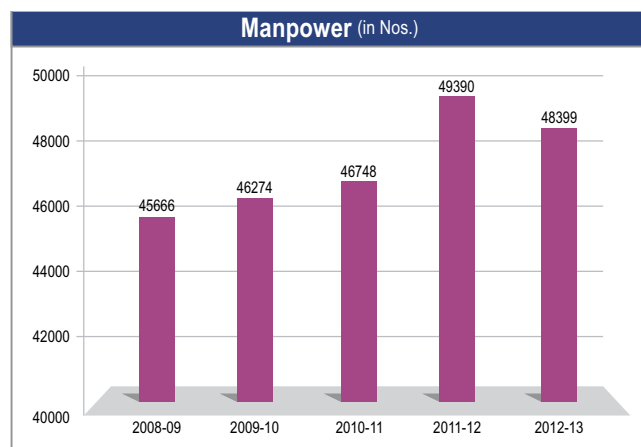


Note: Dividend payout ratio includes dividend tax.

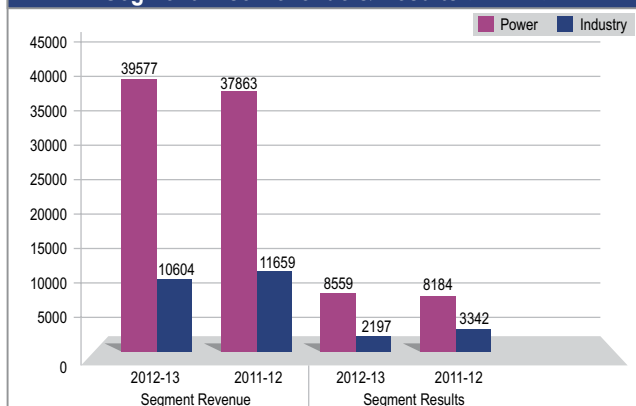
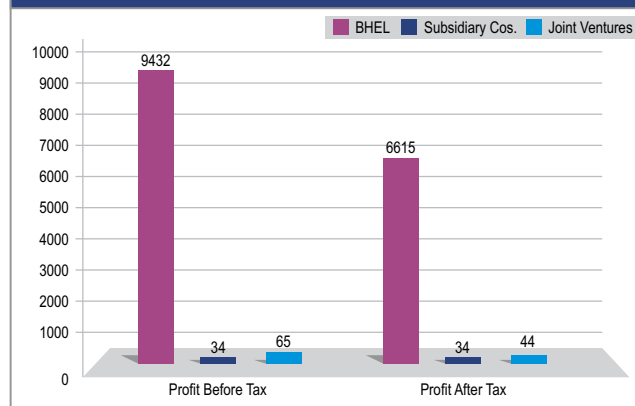
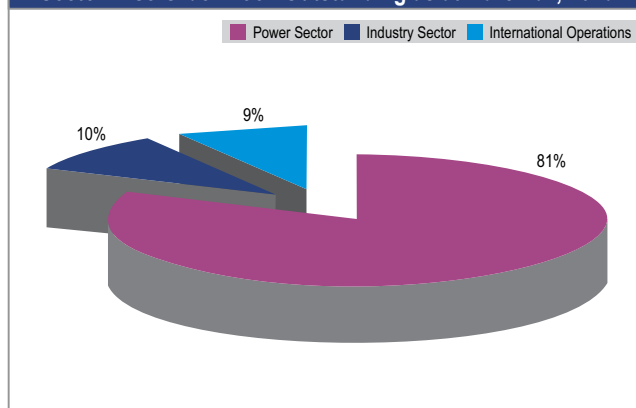
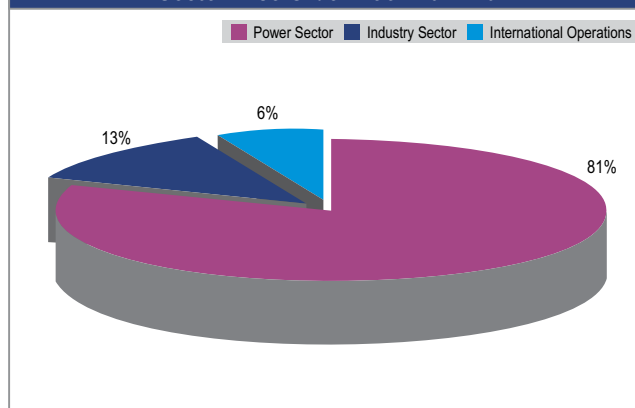
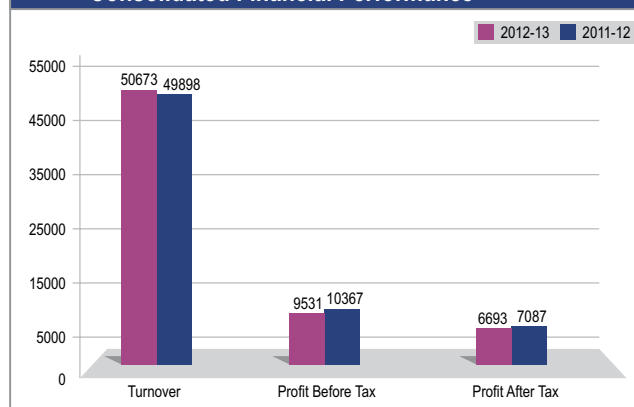


Figures prior to 2011-12 are restated on post-split on number of shares on like to like basis.

*Excluding one time impact of change in warranty obligation for earlier years.



Financial Charts

Segment-wise Revenue & Results (₹ in Crore)

Consolidated Financial Statements - PBT/PAT (₹ in Crore)

Sector-wise Order Book Outstanding as at March 31, 2013

Sector-wise Order Book 2012-13

Consolidated Financial Performance (₹ in Crore)


Awards



CMD, BHEL receiving the CII-ITC Sustainability Award from the Hon'ble President of India



The Hon'ble President of India presenting the National Energy Conservation Award 2012 to CMD, BHEL



CMD, BHEL receiving the AIMA Managing India Award for 'Outstanding PSU of the year' from the Hon'ble President of India



CMD, BHEL receiving the India Pride Award for Excellence in Heavy Industries 2012-13 from Hon'ble Union Minister of Petroleum & Natural Gas



Director (Finance), BHEL receiving CNBC TV18 Best CFO Award 2013 from Hon'ble Minister of State (Independent Charge) for Corporate Affairs



CMD, BHEL receiving the NDTV Profit Business Leadership Award 2012 in the Engineering category from Dy. Chairman, Planning Commission

Directors' Report

To the Members,

The Directors are delighted to present the 49th Annual Report on the business and operations of the Company and the statement of accounts for the year ended March 31, 2013.

Financial Performance

	Financial Year	
Figures (in ₹ Crore except per share data)	2012-13	2011-12
(a) Turnover (Gross)	50156	49510
(b) Revenue from operations (Net)	47618	47228
(c) Other Operational Income	807	751
(d) Operating expenses	39037	38092
(e) Operating profit	9388	9887
(f) Add : Other income	1122	1266
(g) Profit before depreciation, finance cost & tax expense	10510	11153
(h) Less: Depreciation	953	800
(i) Less: Finance costs	125	51
(j) Profit before tax	9432	10302
(k) Less: Tax expense	2817	3262
(l) Profit after Tax	6615	7040
(m) Add: Balance brought forward from the previous year	1031	812
(n) Profit available for appropriation	7646	7852
i) Dividend (including interim dividend)	1323	1567
ii) Corporate Dividend tax (incl. on interim dividend)	221	254
iii) Amount transferred to General Reserve	5000	5000
(o) Balance in Profit & Loss	1102	1031
(p) Earnings per Share (₹)	27.03	28.76
(q) NAV per share (₹)	124.38	103.67
(r) Economic Value Added (₹ Crore)	2657	4032

Financial Highlights

During 2012-13, BHEL recorded its highest-ever turnover of ₹ 50156 Crore. Profit before tax is ₹ 9432 Crore and Profit after tax is placed at ₹ 6615 Crore.

Net worth of the company has gone up from ₹ 25373 Crore to ₹ 30444 Crore registering an increase of 19.9%. Net asset value (NAV) per share has been placed at ₹ 124.38 in 2012-13 as against ₹ 103.67 in 2011-12.

Dividend

The Board has recommended a Final Dividend of 164.5% (₹ 3.29 per share), ₹ 804.11 Crore, for the year 2012-13. An interim dividend of 106% (₹ 2.12 per share), ₹ 518.89 Crore, on share capital of ₹ 489.52 Crore, has already been paid for the year 2012-13. Thus the total dividend (exclusive of dividend tax) for the year 2012-13 is ₹ 1323 Crore (₹ 5.41 per share) as against ₹ 1566.47 Crore (₹ 6.40 per share) paid in the previous year.



CMD, BHEL presenting the Interim Dividend cheque for FY 2012-13 to Hon'ble Union Minister of Heavy Industries & Public Enterprises

Provision of ₹ 136.66 Crore has been made for Corporate Dividend Tax on the Final dividend proposed. Corporate Dividend Tax of ₹ 84.18 Crore has already been paid on the interim dividend.

Orders Received

Orders worth ₹ 31650 Crore were received during the year as against ₹ 22096 Crore in 2011-12. Sector-wise

orders booked are as follows:

	(₹ in Crore)	
	2012-13	2011-12
Power Sector	25560	14012
Industry Sector*	4086	7850
International Operations	2004	234
Total Orders Booked	31650	22096
Order Book outstanding at the end of the year	115100	135300

*excludes inter sectoral orders

Rating of BHEL vis-à-vis MoU Targets

Performance of BHEL for the year 2011-12 has been rated as 'Excellent' in terms of MoU signed with the Government of India. BHEL has been awarded the MoU Composite score of '1.085'.

Maharatna Status

Consistent performance in a highly competitive environment enabled BHEL attain the coveted 'Maharatna' Status and be counted among seven select PSU's having this status.



The Hon'ble President of India presenting the trophy for conferring Maharatna status for BHEL to CMD, BHEL

Management Discussion and Analysis

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

Board of Directors

Appointment

Smt. Chandra Iyengar has been appointed as Part-time Non-official Director w.e.f. 01.04.2013.

Ms. Kusumjit Sidhu, IAS, Additional Secretary &

Financial Adviser, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry has been appointed as Part-time Official Director w.e.f. 10.05.2013.

Shri W.V.K. Krishna Shankar has been appointed as an Additional Director w.e.f. 01.08.2013 to take charge of the office of Director (IS&P).

In accordance with Section 260 of the Companies Act, 1956 and Article 67(iv) of the Articles of Association of the Company, Ms. Kusumjit Sidhu and Shri W.V.K. Krishna Shankar shall hold their directorships upto the 49th Annual General Meeting of the Company and are eligible for appointment as Directors at the Meeting.

Cessation

Shri V.K. Jairath who was appointed as Part-time Non-official Director w.e.f. 12.11.2009 ceased to be a Director of the Company on completion of his tenure on 11.11.2012.

Shri Vijay S. Madan, IAS, former Additional Secretary & Financial Adviser, Ministry of Commerce & Industry, consequent upon his appointment as Officer on Special Duty in the Unique Identification Authority of India has relinquished his position as Part-time Official Director w.e.f. 22.03.2013.

Smt. Chandra Iyengar, Part-time Non-official Director, consequent upon her appointment as Member on the Maharashtra Electricity Regulatory Commission, has resigned from the BHEL Board on 29.05.2013.

Shri O.P. Bhutani, who was appointed as Director (E,R&D) w.e.f. 24.12.2009 ceased to be a Director of the Company on attaining the age of superannuation on 31.05.2013.

Shri M.K. Dube, who was appointed as Director (IS&P) w.e.f. 25.06.2011 ceased to be a Director of the Company on attaining the age of superannuation on 31.07.2013.

The Board of Directors place on record their deep appreciation of the valuable services rendered as well as advice and guidance provided by Shri V.K. Jairath, Shri Vijay S. Madan, Smt. Chandra Iyengar, Shri O.P. Bhutani and Shri M.K.Dube during their tenure.

Further pursuant to Sections 255 and 256 of the Companies Act, 1956 and Article 67(i) of the Articles of Association of the Company, S/Shri P.K. Bajpai and 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

1. Corporate Office was awarded first prize by Town Official Language Implementation Committee (Undertaking), Delhi for excellent implementation of Official Language.
2. RC Puram, Hyderabad won first prize for excellent O.L. implementation from TOLIC, Hyderabad.
3. PS-WR got third prize from TOLIC, Nagpur for excellent editing of their Hindi Magazine 'Tarangini'.
4. PS-ER was awarded second prize for excellent editing of their Hindi Magazine 'Poorvabha' by TOLIC, Kolkata.
5. PS-WR got award of Active Member of TOLIC, Nagpur from TOLIC, Nagpur.
6. 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 and Hindi Week/Fortnight/Month during which various competitions were held. 11 Hindi competitions were held by Corporate Office. 230 participants participated in the competitions and 85 of them were given cash awards.



Hindi Diwas Samaroh being organised at BHEL on 14th September, 2012

7. In addition, wards of the employees of various Units/Divisions, who secured minimum 60% in class XII exam and B2 grade in class X exam in Hindi subject were given cash prize.
8. 'Hindi Shabdakosh Jnan' competition was held by Corporate Office under auspices of TOLIC (Undertaking), Delhi. Various Hindi competitions and programmes were also conducted by the Units/Divisions under auspices of TOLIC existing at their cities.
9. 13 Hindi magazines were published by Units and Divisions of the company during the year. Corporate Office also brought out 2 issues of its half yearly Hindi magazine 'Arunima' during the year.
10. 40 Translation Assistants (FTA) and 14 Typing Assistants (FTA) were recruited in various Units/ Divisions of the company during the year. 6 days Rajbhasha Orientation Programme was organized for Translation Assistants.

Participation in the Global Compact of the United Nations

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

BHEL continues to be a member of the United Nations Global Compact (UNGC) Programme and stands committed to the core values enshrined in its principles on human rights, labour standards, and environment and anti corruption. BHEL is now a Lifetime Corporate member of Global Compact Network, India.

Vigilance

The Vigilance organisation of BHEL is headed by a Chief Vigilance Officer (CVO) appointed by the Ministry. Each manufacturing Unit / Power Sector Region of BHEL has a vigilance set up headed by a senior vigilance executive reporting to the CVO.

In addition to preventive vigilance which has remained the focus area of BHEL Vigilance all through the years, additional impetus was also given for effective vigilance administration through leveraging technology during 2012-13. This has helped in proactive and predictive Vigilance Management.

Training programmes were conducted to update employees on Company's policies, rules and procedures. 119 such programmes were organized during the year 2012-13 in various Units, Regions and offices of BHEL. Interactive sessions were held with line executives representing different functional areas, in order to sensitize employees and to enhance their knowledge of the Company's rules, procedures and policies.

To create awareness about the procedures of procurement in BHEL, to disseminate the instructions issued by Statutory Authorities and to share the case studies, the inaugural issue of quarterly e-Newsletter "DISHA" was published on 01.07.2013.

With a view to making systems more effective and transparent, Vigilance had carried out system studies during the year 2012-13 based on which suggestions towards system improvement have been rendered. Some of the major areas where suggestions for improvement were given are:

- Purchase Policy
- Amendments to 'Vendor Registration Procedures - SEARP, 2010'.
- Systemic changes in 'Reverse Auction Guidelines'.
- Amendments to certain provisions in 'Guidelines for Suspension of Business Dealings with Vendors'.
- Formulation of Common Loading Criteria in evaluation of tenders.

With a view to restructure the mechanism for effective and timely disposal of complaints a 'Complaint Handling Policy' was issued on 24.06.2013 wherein the complaints received by Vigilance can be dealt in a consistent manner, in accordance with the extant instructions issued by the CVC.

A workshop was organized at Corporate Office on 29.05.2013 wherein senior executives of major PSUs—SAIL, ONGC, IOCL, EIL, NLC, RINL, BPCL, participated to share the best practices being followed by various PSUs for Reverse Auction (RA). The inputs will be helpful while revising the RA guidelines of BHEL.

As per the directions of the Central Vigilance Commission (CVC), the Company has taken many initiatives to make available all relevant information on the web on real time basis. Following have been ensured to make available all relevant information on the web:

- Status of Purchase Orders, Works Contracts concluded every month, as per CVC format, is being uploaded by all Units.
- Procedure and forms related to Vendor registration are hosted on the Company web site.
- Status of vendor registration applications is hosted on the web and can be viewed by vendors.
- E-payment of vendor bills is being implemented throughout the organization and principle of first in first out is being followed as a rule in payment of vendor bills.
- Status of bill payment can be viewed by the vendors on-line.
- Indents are being raised on-line in most of the Units.
- Information relating to Rules/Procedures of the Company is available on the BHEL/Units websites.
- This year the Company has initiated uploading of project documentation on VIGEYE GPMS, an initiative taken up by the CVC, with a view to raise alerts on probable inconsistencies during project execution.

Security

The Company's Security mechanism is sufficient and geared up to provide security to each Plant/Unit. Whereas, the security of the most of the Plants of the Company is being managed by the CISF, in some smaller 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 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) has also carried out inspection of our software security mechanism and their suggestions have been implemented.

Security audit of major plants is being done by the Intelligence Bureau periodically and the additional requirements, wherever pointed out by them, are immediately complied with by the concerned Units. Review of Security is done internally also from time to time. Monthly report on theft / pilferage and fire incidents is being compiled by Corporate Security Department along with quarterly reports on various

security related issues as per the decisions taken in the meetings of HR & Security Heads.

CCTV's are being installed and standard operating procedures (SOP) are being prepared to deal with any security threat.

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

Sustainability

The concept of Sustainability has been ingrained in the DNA of BHEL which is evident from the Mission Statement – "Providing Sustainable Business solutions in the fields of Energy, Industry & Infrastructure". 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 while providing a safe and healthy working environment. In line with the company's strategy, Environment Improvement Projects (EIP) / Sustainable Development (SD) Projects and Community Development Programmes are being given special thrust.

BHEL has defined its Sustainable Development (SD) policy keeping in view the scale & nature of organization's activities, products & services. The SD projects undertaken in 2012-13 were in the areas of Rain water harvesting, afforestation, captive power generation based on solar energy, use of renewable energy, energy efficiency & conservation, and responsible waste disposal. A broad strategic management framework has also been developed for ensuring Sustainable Development in BHEL through its product and services as well as in-house activities.

Through these initiatives, organization is directing its efforts to minimize the carbon footprint of the organizational activities. Further it is also helping the customer to reduce the carbon footprint in their operations as well through development of cleaner technologies.

In keeping with the commitment to promote the use of renewable power in manufacturing units, the company has installed 250 KWp Solar power plant at Bhopal unit and Roof Top Solar power plant of 20 KWp at Trichy unit in 2012-13. Company also installed more than 1200 Turbo ventilators across its units to

encourage energy conservation. As a part of Energy Efficiency more than 20 energy efficiency projects were completed at the units. Total expenditure incurred on such activities taken under Sustainable Development Projects for the year 2012-13 was ₹ 8.16 Crore against target of ₹ 7.44 Crore.

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.

BHEL has been awarded with the prestigious "Golden Peacock Award for Sustainability" 2012.

EPD Bangalore was honored with the "Gold Award" during 2012 for its outstanding achievement in the Safety Management by M/s Greentech Foundation.

BHEL, EPD-Bangalore & BHEL, Trichy units received "CII-ITC Sustainability Award 2012" for being India's, 'one of the most Sustainable organization'.

Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2013 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2012-13 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, 2013 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 2012-13.

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

Events Occurring After The Balance Sheet Date

There were no significant events occurring after the Balance sheet date.

Auditors

The Auditors of your Company are appointed by the Comptroller and Auditor General of India. The names

of auditors appointed for the year 2012-13 are printed separately in the Annual Report.

The detail of cost auditors appointed for the year 2012-13 and Cost Audit details are printed separately in the Annual Report.

The reply to the point referred to in the Auditors' Report and 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 for 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, team efforts, devotion and sense of belongingness 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 : August 3, 2013

Management Discussion and Analysis

A. FINANCIAL PERFORMANCE OF THE COMPANY

(i) Standalone Financial Results

Balance Sheet

1. Share Capital

(₹ in Crore)

	F.Y. 2012-13	F.Y. 2011-12
Authorised Share capital	2000	2000
Issued, subscribed & Paid up Share Capital	490	490

There is no change in the share capital during the year 2012-13.

2. Reserves & Surplus

(₹ in Crore)

	F.Y. 2012-13	F.Y. 2011-12
Capital Reserve	3	3
General Reserve	28850	23850
Surplus of Profit & Loss	1102	1031
	29955	24884

The Reserve & Surplus has increased by ₹ 5071 Crore during 2012-13 after addition of Retained earnings. A sum of ₹ 5000 Crore has been transferred to General Reserve out of profit for the year 2012-13.

3. Borrowings

(₹ in Crore)

	F.Y. 2012-13			F.Y. 2011-12		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Unsecured Loans-Financial lease obligation	129	0	129	123	0	123
Secured Loan-Export credit	0	1286	1286	0	0	0
	129	1286	1415	123	0	123

Borrowings have increased due to short term borrowings by way of export credit availed to manage cash flows.

4. Other Long Term / Current Liabilities

(₹ in Crore)

	F.Y. 2012-13			F.Y. 2011-12		
	Other Long Term Liabilities	Current Liabilities	Total	Other Long Term Liabilities	Current Liabilities	Total
Trade payables (Incl. Acceptances)	756	9675	10431	617	10255	10872
Deposits from customers & others	74	481	555	105	444	549
Advances Received from customers & others	4960	11261	16221	6837	13144	19981
Other payables/liabilities	-	2120	2120	-	2236	2236
	5790	23537	29327	7559	26079	33638

The reduction in other long term liabilities and current liabilities by ₹ 4311 Crore in 2012-13 is due to decrease in net balance of advances from customers.

5. Provisions

(₹ in Crore)

	F.Y. 2012-13			F.Y. 2011-12		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Provision for employee benefits	2185	488	2673	2076	401	2477
Provision for contractual obligation	3603	1387	4990	2793	1057	3850
Proposed Dividend (Incl. Div. tax)	-	941	941	-	1047	1047
Other Provisions	145	193	338	136	130	266
	5933	3009	8942	5005	2635	7640

There is a net increase in total provision by ₹ 1302 Crore in 2012-13 owing to addition in the provision for contractual obligation.

6. Fixed Assets

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Gross Block	10783	9707
Less: Depreciation/ amortisation	6328	5413
Less: Lease Adjustment Account	(3)	(3)
Net Block	4458	4297
Capital Work-in-Progress	1134	1324
Intangible assets under development	38	23
	5630	5644

Gross Block increased by ₹ 1076 Crore and Capital Work in progress including Intangible Assets under development decreased by ₹ 175 Crore during the year. The net increase is due to capital expenditure incurred on augmentation of manufacturing capacity and modernisation of the facilities in manufacturing units and at power project sites.

7. Non Current Investments

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Long Term Trade Investments	429	462

Long term trade investments have decreased by ₹ 33 Crore due to sale of BHEL stake in Udangudi Power Corporation Ltd.

8. Deferred Tax Assets (Net)

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Deferred Tax Assets (Net)	1551	1546

Deferred Tax assets (Net) has marginally increased by ₹ 5 Crore mainly on account of increase in the surcharge on income tax.

9. Loans & Advances

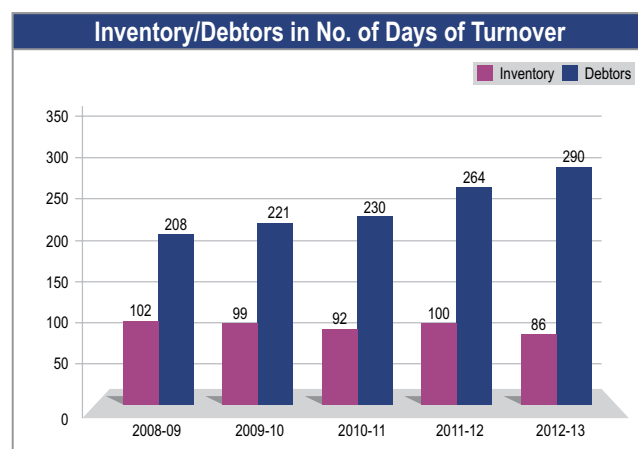
	F.Y. 2012-13			F.Y. 2011-12		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Loans & Advances	905	2029	2934	900	2112	3012

Loans & advances have decreased by ₹ 78 Crore owing to adjustment of advances made towards purchases.

10. Inventories

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Inventories	11764	13549

All efforts have been made to maintain inventory at a lower level. Inventory as number of days of turnover is 86 days in 2012-13 as against 100 days in 2011-12.



11. Receivables

	F.Y. 2012-13			F.Y. 2011-12		
	Long Term	Trade Receivable	Total	Long Term	Trade Receivable	Total
Trade Receivables (Net)	10654	29234	39888	9384	26357	35741

Receivables increased by ₹ 4147 Crore. In number of days to turnover it increased from 264 days in 2011-12 to 290 days in 2012-13.

12. Cash and bank balances

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Cash & bank balances	7732	6672

The cash and bank balances at the end of 2012-13 would be ₹ 6446 Crore net of short term borrowings of ₹ 1286 Crore.

13. Other Current Assets

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Other Current Assets	200	151

Other current assets represent Interest accrued on banks deposits and investments.

Statement of Profit & Loss**14. Revenue from Operations**

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Gross Turnover	50156	49510
Less : Excise Duty	1904	1847
Less : Service Tax	634	435
Revenue from operations (Net)	47618	47228

During 2012-13, BHEL recorded its highest ever turnover of ₹ 50156 Crore. Power segment and Industry segment contributed 79% and 21% respectively for the total revenue of the company.

15. Other Operational Income

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Export Incentive	24	12
Scrap Sales	283	308
Others	500	431
	807	751

The marginal increase in other operational income is owing to increase in freight & insurance income.

16. Other Income

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Exchange variation (net)	143	99
Interest Income	605	814
Other income	374	353
	1122	1266

Other income decreased by ₹ 144 Crore during the year mainly due to reduction in interest income.

17. Cost of Material consumption, Erection & Engineering Expenses

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Cost of consumption of raw material & components	23044	24549
Consumption of stores & spares	584	564
Erection & Engineering Expenses	4271	3795
	27899	28908

There is reduction in material consumption as percentage of net turnover after adjustment of accretion/decretion to WIP & FG from 60.49% in 2011-12 to 59.13% in 2012-13.

18. Employee Benefits Expenses

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Employees Benefits Expenses	5753	5465

Employees remuneration & benefits increased by 5% (₹ 288 Crore) from ₹ 5465 Crore in 2011-12 to ₹ 5753 Crore in 2012-13.

19. Finance Costs

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Interest and other borrowing costs	125	51

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.

20. Other Expenses of manufacturing, Administration, Selling & Distribution

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Other expenses of Manufacturing, Administration, Selling & Distribution	3777	3223

The increase in other Expenses of manufacturing, Administration, Selling & Distribution is ₹ 554 Crore as compared to 2011-12 due to volume of operations and also due to liquidated damages charged off during the year.

21. Provisions (Net)

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Provisions (Net)	1566	1403

The increase in Provisions (Net) by ₹ 163 Crore as compared to previous year is mainly on account of net increase in provision for Contractual Obligations.

22. Depreciation

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Depreciation	953	800

The increase in depreciation by ₹ 153 Crore is on account of increase in gross block.

23. Tax Expense

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Income Tax-Current Year	3042	3277
- Earlier Years	(220)	(632)
Deferred tax charge/ (credit)	(4)	617
Tax Expenses (Net)	2818	3262

The decrease in tax expense (Net) is in line with change in profit for the year.

24. Profit after Tax

	(₹ in Crore)	
	F.Y. 2012-13	F.Y. 2011-12
Profit after Tax	6615	7040

25. Dividend

The company has paid an interim dividend of 106% (₹ 2.12 per share), ₹ 518.89 Crore, on share capital of ₹ 489.52 Crore during the year 2012-13. The Board has also recommended a Final dividend of 164.5% (₹ 3.29 per share) i.e. ₹ 804.11 Crore.

The total dividend (exclusive of dividend tax) for the year 2012-13 is ₹ 1323 Crore (₹ 5.41 per share) as against ₹ 1566.47 Crore (₹ 6.40 per share) in the previous year.

Provision of ₹ 136.66 Crore has been made for corporate dividend tax on the final dividend proposed. Corporate dividend tax of ₹ 84.18 Crore has already been paid on the interim dividend.

26. Transfer to General Reserve

₹ 5000 Crore has been transferred to General Reserve for the year 2012-13.

(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. In 2012-13 BHPV recorded a profit of ₹ 35.04 Crore on a turnover of ₹ 240.27 Crore.

The financial highlights of BHPV are as under:

	(₹ in Crore)	
Particulars	F.Y. 2012-13	F.Y. 2011-12
BHEL's Investment in Equity	at ₹1/-	at ₹1/-
Advance against issue of shares	34.00	34.00
Turnover	240.27	155.80
Profit after Tax	35.04	10.44

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% with an equity investment of ₹ 5.36 Crore and Govt. of Kerala retaining 49%. In 2012-13, BHEL EML recorded a loss

of ₹ 0.55 Crore on a turnover of ₹ 26.53 Crore.

	(₹ in Crore)	
Particulars	F.Y. 2012-13	F.Y. 2011-12
BHEL's Investment in Equity	5.36	5.36
Turnover	26.53	21.14
Profit after Tax	-0.55	-0.38

(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:

	(₹ in Crore)	
Particulars	F.Y. 2012-13	F.Y. 2011-12
BHEL's Investment in Equity	2.38	2.38
Turnover	813.78	513.28
Profit after tax	81.70	60.76
Net Worth	157.38	114.48

During the year BGGTS has paid interim dividend at 500% and proposed final dividend at 200% on the Equity share capital of ₹ 4.76 Crore.

b) NTPC – BHEL Power Projects Pvt. Ltd. (NBPPPL)

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

	(₹ in Crore)	
Particulars	F.Y. 2012-13*	F.Y. 2011-12
BHEL's Investment in Equity	25.00	25.00
Turnover	116.25	145.55
Profit after tax	5.66	13.06

*Based on provisional figures

c) Udangudi Power Corporation Ltd. (UPCL)

A Joint Venture between BHEL & TNEB was incorporated on 26th December, 2008, to build, own and operate a 1600 MW (2x800 MW) Super Critical Thermal Power Plant at Udangudi. On 26.03.2013, BHEL has sold its entire stake in UPCL.

	(₹ in Crore)	
Particulars	F.Y. 2012-13	F.Y. 2011-12
BHEL's Investment in Equity	-	32.50
Net Block	-	29.09
Capital Work in Progress	-	41.75

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".

(₹ in Crore)

Particulars	F.Y. 2012-13*	F.Y. 2011-12
BHEL's Investment in Equity	331.52	331.52
Net Block	3.35	3.40
Capital Work in Progress (Including advances for capital expenditure)	3531.85	1469.07

*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 2x800 MW 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".

(₹ in Crore)

Particulars	F.Y. 2012-13*	F.Y. 2011-12
BHEL's Investment in Equity	22.50	22.50
Net Block	0.02	0.03
Capital Work in Progress	1.63	0.75

*Based on provisional figures

f) Latur Power Company Ltd.

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 Company was incorporated on April 6, 2011 under the name of "Latur Power Company Ltd.". The present paid up equity of the JVC is ₹ 5 Crore, subscribed to equally by both the partners.

g) Power Plant Performance Improvement Ltd.

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

(iv) Consolidated Financial Statement (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 in line with the above AS are as under:

(₹ in Crore)

	2012-13	2011-12	% age increase over 2011-12
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Statement of Profit & Loss

Turnover	50673	49898	1.55
Profit Before Tax	9531	10367	-8.06
Profit After Tax	6693	7087	-5.56

Balance Sheet

Sources of Funds			
Shareholders fund	30533	25403	20.19
Minority Interest	5	5	0.00
Non current liabilities	13007	12880	0.99
Current liabilities	28208	29142	-3.20
Total	71753	67430	6.41

Application of Funds

Net Block (incl. CWIP)	7036	6282	12.00
Non Current Investments	6	6	0.00
Deferred Tax Assets	1556	1549	0.45
Other Non current assets	11744	10374	13.21
Current Assets	51411	49219	4.45
Total	71753	67430	6.41

Power Sector



2x660 MW Barh Supercritical Power Project under execution by BHEL

B. PERFORMANCE OF BUSINESS SEGMENTS

Power Sector

The Indian Power Sector is witnessing a slowdown since the past few years. Issues of coal linkages, environmental clearances, land acquisition and fund constraints have resulted in non-finalization of new projects, especially in the private sector and some of the ongoing projects are on a slow execution path.

- In the Power Sector business segment, despite these challenges and intense competitive pressure, BHEL has maintained its market leadership in the domestic market for utility sets:
 - ❑ Power Sector secured orders worth ₹ 25,560 Crore; 82% up from last year.
 - ❑ Secured orders for 8 nos. Turbine Generator (TG) package and 9 nos. Boilers for Super-critical sets during the year.
 - ❑ Continued Customer Confidence; Repeat order of TG package for 2x700 MWe RAPP 7&8.
 - ❑ Orders for 7 nos. of standalone ESP Packages for supercritical sets against stiff global competition.

Significant orders received in the Power sector include:

Thermal

Sub-Critical Orders:

- 1x500 MW NTPC, Vindhyachal Stg-V: Steam Generator (SG), Turbine Generator & ESP Package.

Super-Critical ratings:

- 2x660 MW NTPC / Mauda: ESP Packages
- 2x660 MW NTPC / Sholapur: ESP Package



Contract signing for 2x660 MW for OPGCL/IB TPS, Banharipalli

- 2x660 MW DVC / Raghunathpur: TG Package
- 3x660 MW NPGCL/Nabinagar: SG, ESP Package
- 2x800 MW NTPC / Gadgarwara: SG, TG Package
- 2x660 MW RRVUNL/Suratgarh: Erection Procurement & Commissioning (EPC) Package
- 2x660 MW OPGCL/IB Valley: Boiler Turbine Generator (BTG) Package

Hydro

- 3x57 MW NTPC/Lata Tapovan: Electrical & Mechanical (E&M) Package

Gas

- 160 MW RRVUNL/Ramgarh CCPP Stg IV: BTG package

Nuclear

- 2x700 MWe NPCIL/RAPP 7&8: TG, Control & Instrumentation (C&I) and Control Center Instrumentation package
- 2x700 MWe NPCIL / KAPP 3&4 : CCI package

Spares & Services Business Group (SSBG)

Order inflow of ₹ 2,885 Crore in Spares & Services business segment: 28% (Y-o-Y) increase over that of ₹ 2,250 Crore in 2011-12.

BHEL swept the market in the area of ESP and C&I retrofit business and secured orders to the tune of ₹499 Crore against stiff international competition.

Commissioning Highlights

- All time high 10,340 MW of power plant equipment synchronised/commissioned including 9,328 MW utility, 703 MW captive/industrial sets in the country and 309 MW in overseas markets.



2x600 MW North Chennai TPS-commissioned India's first indigenously manufactured sub-critical set of 600 MW on EPC basis



2x270 MW Adhunik TPS-Unit 1 commissioned



2x363 MW Gas-based Power Plant, OTPC-Palatana

- Highest ever 9,328 MW of utility project Commissioned/Synchronized during a year: Consistently maintaining the upward trend in last five years.
- All time high 9,298 MW utility capacity added during a year; 14% up from the previous year and 30 MW synchronized, awaiting clearance from utilities for capacity addition.
- A total of 29 utility sets commissioned against 21 last year.
- The installed capacity of BHEL supplied Utility sets went up to 1,15,500 MW maintaining its lion's share of 57% in the country's total installed capacity comprising Thermal, Hydro and Nuclear sets.
- BHEL's contribution to the capacity added in the country in the last quarter was 56% .
- Commissioning of 4,621 MW in March' 13 for utility sets.

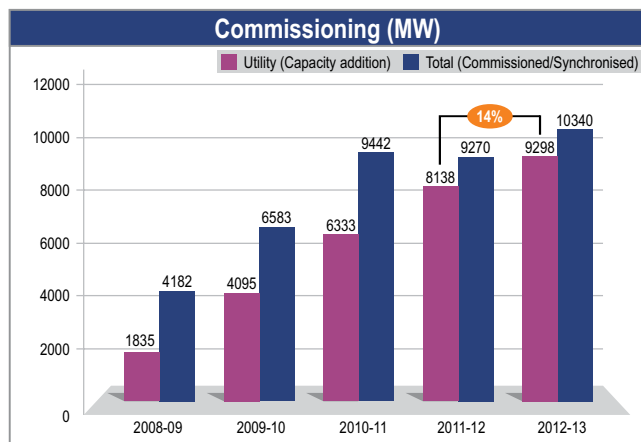
- Establishing a central monitoring system paid dividends in terms of completion of Performance Guarantee Test for 58 nos. main plant packages (TG, Boiler, ESP, Mills).

First Time Achievements

- Commissioning of India's first indigenously manufactured sub-critical set of 600 MW at North Chennai on EPC Basis.
- Conducted 'Performance Guarantee Test' of highest capacity set of 525 MW at Maithon for TG & Boiler.
- Conducted 1000 MW generator stator winding HV test (Kudankulam 1&2).

29 nos. Utility sets commissioned during the year were -

- Korba West (500 MW) in Chhatisgarh
- Pragati CCPP GT-3 (250 MW) in Delhi
- Pipavav Module –II CCPP (351 MW), Ukai U 6 (500 MW) in Gujarat.
- Jhajjar U 3 (500 MW) in Haryana
- Chutak HEP U 1,2,3 & 4 (4X11 MW) in Jammu & Kashmir
- Adhunik U 1, 2 (2X270 MW), Koderma U 2 (500 MW) in Jharkhand
- Bina U 1 & 2 (2X250 MW), Satpura U 10 (250 MW), Vindhyachal U 11 & 12 (2X500 MW) in Madhya Pradesh
- Amravati U 1 (270 MW), Bela U 1 (270 MW), Mauda U 1 & 2 (2X500 MW) in Maharashtra
- Ramgarh GT (110 MW) in Rajasthan





BHEL-built 200 MW (Unit 5) Singrauli STPS clocked uninterrupted operation throughout the year

- North Chennai U 2 (600 MW), Vallur U 2 (500 MW) in Tamilnadu
- OTPC Tripura (363.3 MW) in Tripura
- Harduaganj U 9 (250 MW), Parichha U 5 & 6 (2X250 MW), Rihand U 5 (500 MW) in Uttar Pradesh

Overseas sets commissioned by BHEL during the year include Western Mountain Extension Libya, Unit-6 (157 MW), Finchaa Sugar Factory, Ethiopia Unit 1 (12.5 MW), PT MSW Indonesia - Boiler (30 MW), Varjob - Hydro Power station Tajikistan-Unit I & II (2X4.75 MW), Namchien Hydro Power Project, Vietnam - Unit I (100 MW).

Performance of BHEL Utility Sets

- BHEL supplied Thermal sets (Coal + Lignite) generated 4,83,431 MUs against 4,59,706 MUs of last year showing an increase of 5.16% and forming approx. 70.0% of the country's total generation of 6,91,340 MUs from thermal utility sets.
- BHEL coal based sets registered PLF of 73.7% against National Average of 69.95%.
- During the financial year, generation from BHEL supplied thermal sets of ratings 195 MW and above – which form the backbone of the country's thermal generating capacity, went up to 4,54,304 MUs with PLF of 77.3% and OA of 89.3%.
- 13 nos. stations equipped with BHEL equipments recorded a PLF of above 90%:

NR : Rihand Stage II (92.5), Singrauli (92.3), Unchahar (92.8)

ER : Budge Budge (93.5)



BHEL supplied 500 MW (Unit 5) of Trombay TPS clocked uninterrupted operation throughout the year

WR : Bhilai (96.8), Dahanu (100.2), Korba (NTPC) (90.1), Vindhyachal (91.3), Raigarh (90.2)

SR : Kakatiya (90.9), North Madras (91.9), Ramagundam (90.7), Tuticorin (90.4)

- 187 BHEL supplied coal based sets achieved PLF of over 70%. Out of these, 57 sets registered PLF of over 90% and 73 sets achieved PLF between 80% - 90%.
- BHEL coal sets registered the Operating Availability (O.A.) of 86.3%.
- BHEL supplied 500 MW sets achieved consistent availability of more than 90% for the last six years.
- 167 Thermal sets of BHEL make achieved O.A. higher than or equal to 90%.
- 182 BHEL supplied coal based sets clocked uninterrupted operation for more than 90 days during the year out of which:
 - 59 sets ran twice continuously for more than 90 days.
 - 27 sets continuously ran for more than 200 days.
- Trombay U 5 (500 MW) and Singrauli U 5 (200 MW) clocked uninterrupted operation throughout the year – a testimony of BHEL's product excellence.

Services

BHEL reinforced its commitment in providing prompt and efficient service to its customers aimed at facilitating uninterrupted power supply and keeping power plants in good running condition.

- Services sector has seen a phenomenal growth with 30% increased order inflow (Y-o-Y) in FY 12-13: ₹ 533.58 Crore.



110 MW Unit uprated to 120 MW by BHEL at
PSPCL GNDTP Bathinda TPS-3

- During the year, BHEL overhauled 176 nos. of sets including the non-BHEL ones-highest in last five years
- Highest ever commissioning of 485 MW in R&M during FY 2012-13. Details of sets:
 - JSEB Patratu TPS-10 (110 MW)
 - PSPCL GNDTP Bathinda TPS-3 (110 MW)-uprated to 120 MW
 - OHPC Rengali HEP-1 (50 MW)
 - GSECL Ukai HEP-1 (75 MW)
 - JSEB Subernrekha HEP, Sikidiri (2x65 MW)
- R&M of Boiler at Satpura-7 (210 MW) enables it run at 'full load' even after 30 years of operation

Services Jobs in overseas Project:

- Chukha Bhutan unit-284 MW (R&M Job)
- Varjob - Hydro Power station Tajikistan - Unit I&II (R&M and uprating)
- Overhauling and 'stator bar replacement' of Generator-3 (153 MW) at Libya (SAS)

Customer Satisfaction

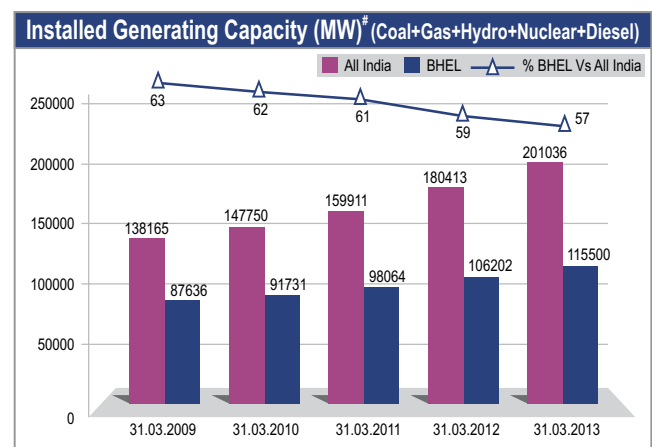
Our valued customers have appreciated number of efforts by BHEL viz. improvements in existing systems, completion of works ahead of schedule in challenging conditions etc. in the form of appreciation letters, award and accolades.

Significantly appreciation letter received from MD, Jindal Power Ltd for adopting best practice for "successfully placing the pre-assembled condenser in position" at JPL Raigarh.

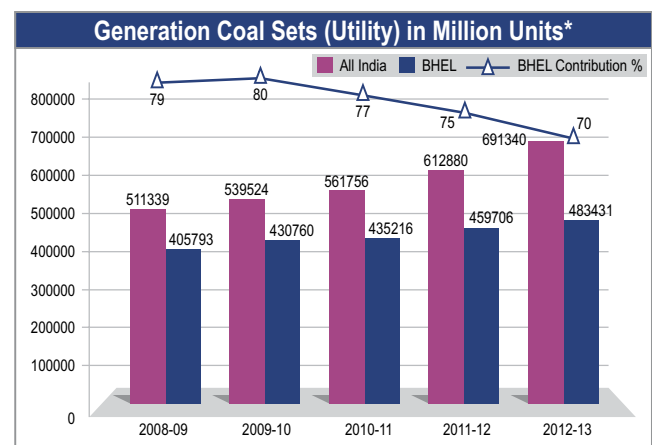
Appreciations received from many reputed customers (like Karnataka Power Corporation Limited, Andhra Pradesh Power Generation Corporation Limited (APGENCO), Rajasthan Rajya Vidyut Utpadan Nigam Limited, Damodar Valley Corporation (DVC), MSPGCL, NTPC, Tamilnadu Electricity Board (TNEB) etc. for excellent support given by BHEL.

3500 MW Capacity added in 2012-13 as against 1000 MW last year for NTPC. With this, BHEL's contribution to NTPC's capacity of 41,184 MW stands at 70%.

As per MoU with GOI, 'Customer Satisfaction Survey' was conducted first time for 'Power-Sector as a whole'. Survey was conducted through external agency at 77 customer locations covering 271 respondents.



Excludes Non-conventional Power Generating sets. MW uprating/derating not considered.



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

Industry Sector



BHEL's first two-cylinder uprated 150MW (Reheat) rating turbine in the Industrial Segment commissioned for HINDALCO at Mahan

Industry Sector

In Industry Sector, BHEL secured orders worth ₹ 4500 Crore in Captive Power, Rail Transportation, Power Transmission, Oil & Gas, Renewable Energies and other industrial segments.

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

Captive Power plants

- Order for 5th Back Pressure Turbine Generator (19.5 MW set) from M/s NALCO for their Damanjodi plant against stiff competition from Chinese vendors. 4 no. 18.5 MW BHEL turbines have earlier been supplied for various expansion phases and are operating successfully.
- Order for 23 MW STG set from M/s Paradeep Phosphates for their fertiliser plant at Paradeep against fierce competition. Presently, BHEL make 2 nos. 16 MW STG sets are operating satisfactorily since 1986.
- Another 33 MW steam turbine & generator set order from Aditya Birla Chemical (India) Ltd. for their Palamau, Bihar caustic plant against stiff competition. BHEL make 30 MW STG set is operating satisfactorily since year 2000 apart from 12 no. x 150 MW sets under various stages of erection/commissioning for Hindalco Industries and 4 x 20 - 32 MW STG sets for Grasim (Aditya Birla group companies)

Project Commissioning

- BHEL's first two-cylinder uprated 150MW (Reheat) rating turbine in the industrial Segment was commissioned for HINDALCO at Mahan.
- BHEL commissioned 703.3 MW in Captive Power/ Industrial Segment.
- For the first time in India, Gas Turbine was run with Refinery Fuel Gas for HEMEL's GGSR refinery. Customer's appreciation has also been received for the same.

Renewable Business

- Order received for 2 Solar Photo Voltaic (SPV) Power plants for Unchahar & Talcher of 10 MW each from NTPC. This is the highest rated SPV Power Plant order received by BHEL so far.
- 5 MW grid connected SPV Plant for KPCL was commissioned at Mandya, Karnataka.



Grid Interactive Solar Power Plant-commissioned a total of 1.9 MWp SPV plants at various islands of Lakshadweep for the Deptt. of Electricity

- SPV Plants commissioned at Andrott (320 kW) Kavaratti (760 kW) & Kadmat (270 kW) Islands of Lakshadweep. With this BHEL has commissioned a total of 1900 kW SPV Plants at various Islands of Lakshadweep. This is the largest Island electrification programme using Solar Photo Voltaic modules.

Transportation Business Group

- Orders for 319 sets of Electrics for conventional AC EMU/DEMU; 756 nos. of Traction Motors & 252 nos. Traction Alternator received from Indian Railways against stiff competition from local and foreign suppliers.
- Single largest order for 47 sets of Power Converter with control electronics for 6000 HP WAG-9 locomotives received from CLW, Chittaranjan.
- Secured orders for 12 nos. Diesel Electric shunting locomotive in the range of 350-1400 HP from various non-railways customers.



AC EMU being manufactured at BHEL's Transformer Plant at Jhansi



Signing of MoU with Indian Railways for Greenfield MEMU facility in Rajasthan

- In order to meet increasing demand of Railway Coaches, BHEL has signed an MoU with Indian Railways for setting up a green field factory in Rajasthan for manufacturing of MEMU coaches for Railways.
- Completed supplies of 15 sets of IGBT based Propulsion system for electric loco against Railway Board Order for 30 sets. Most of these sets have been commissioned on locos and are in commercial service. Locomotive fitted with first prototype set of IGBT based propulsion system has already covered more than 1 Lakh Km in commercial service.
- Supplied 63 nos. 25 kV AC WAG-7 Electric locomotives to Indian Railways which is the largest no. of locos supplied in any single financial year.
- To make old DC EMU rakes of Western and Central Railways suitable for running on AC supply, BHEL developed up-rated AC EMU Transformers of 1200 kVA without changing the outer dimensions of existing 1000 kVA AC EMU Transformers so as to fit them in limited space available in the old coaches. This will help railways to continue to run suburban services in Mumbai where DC supply is being phased out.
- Supplied the highest no. of 237 sets of AC EMU Electrics to IR.
- Delivery of Electrics for 13 rakes of Kolkata Metro Coaches required for expansion of India's first underground Metro has been completed on schedule. Also supplies of AC EMU electrics and



Old DC EMU rakes upgraded to AC EMU by BHEL to enable Centre & Western Railways run suburban services in Mumbai

DEMU Electrics to Railways against ICF/RCF orders have been completed on time.

- To meet Railways growing demand for AC locomotives, manufacturing capacity at Jhansi plant is being further enhanced from 60 locos p.a. to 75 locos p.a.
- BHEL is fully geared up to manufacture and supply 6000 HP WAG-9 AC locomotives with IGBT based propulsion to Indian Railways.

Industrial Products - Electrical

- Secured order for 10 no. vertical synchronous motors for Chintalapudi Lift Irrigation Scheme in Andhra Pradesh, through M/s Xylem Water Solutions India Pvt. Ltd. This will help in establishing BHEL as a motor supplier with pump OEMs operating in the irrigation sector.
- Rate Contract (RC) was finalised with Reliance Industries Ltd. for supply of 160-470 kW HT motors for their projects at Hazira, Jamnagar and other sites.
- BHEL achieved yet another milestone by successfully developing
 - 3600 kW 10 Pole Vertical motor for Primary Sodium pumps application of 500 MWe Proto Type Fast Breeder Reactor setup at Kalapakkam. Integrated testing of motor on load was carried out along with Pump, Converter and Pony motor at pump vendor M/s KBL works at Kirloskarwadi.
 - Successful development of largest 20 pole

CACA vertical Induction Motor of 4370 kW, 6.6 kV, for Sea Water pump application for NPCIL Bhavini (through M/s KBL).

- The largest rating 5450 kW, 11 kV, 8 POLE CACW H-Module Motor for ID Fan application of 660 MW Prayagraj STPP.
- EML, Kasargod developed as low cost supplier for winding of LT motors. Stator capsules with mush winding sourced from them by HEP Bhopal and motors tested and dispatched.

Industrial Products - Mechanical

- ONGC reposed faith in BHEL by placing another order for refurbishment & upgradation of another four rigs of ONGC/Sibsagar.
- Highest ever order booking in a year for supply of WH & X-Mas Trees achieved during 2012-13 from ONGC, OIL, and other drilling companies.
- Successfully commissioned BHEL's largest Turbo Blower having capacity of 4,18,000 Nm³/hr at a discharge pressure of 5.75 KSCA for RINL, Vizag.
- Largest compressor supplied by BHEL for wet gas application to MRPL PFCCU Refinery (2MCL1007 compressor). The compressor is designed to handle a large flow of 243733 kg/hr. BHEL has successfully completed Mechanical run test and complete unit test of this compressor along with steam turbine EHNK 40/56-3 and also the performance test of the compressor.

Transmission System – Substation/ Switchyard

- Order for 400/132 kV Switchyard at Nabinagar received against competitive bidding from M/s NPGCL.

- Order for 220 kV Pusauli New S/stn & Dehri (S/stn Extn) received against competitive bidding from M/s BSEB.
- For ± 800 kV, 6000 MW, Multi-terminal HVDC NE Agra project, the largest HVDC project globally is under construction, the design of DC Valve Hall has been completed. Pre-fabricated building for DC Hall to house DC yard equipment indoors having clear span of 77 m and height of 40 m has been designed for the first time in India.
- Pole 2 of 2500 MW HVDC Ballia- Bhiwadi was commissioned in June, 2012, all on shore supplies from BHEL including 4 nos. converter transformers from Bhopal works. Full load power flow of 1250 MW was achieved in September, 2012. With this the project is loaded to full capacity of 2500 MW.
- BHEL has expanded its EPC presence in the field of GIS right from 33 kV and covering GIS ratings of 66 kV, 132 kV, 220 kV and up to 400 kV backed by in-house engineering & integration expertise.
- 66 kV Gas Insulated Switchgear (GIS) was charged by the Transmission Business Group in October'12 at Paradip Refinery of M/s Indian Oil Corporation Limited as a part of the turnkey contract.
- 400 kV Gas Insulated Switchgear (GIS) for 2x600 MW North Chennai TPS Stage-II, unit-2 commissioned by the Transmission Business Group of BHEL in December'12. This is the first time 400 kV GIS in BHEL's EPC Thermal power project has been commissioned.
- The Phase-I of the National Experimental substation of PGCIL at Bina was charged in May



1200 kV Transformer at PGCIL Test Station at Bina



400 kV GIS commissioned for 2x600 MW North Chennai TPS Stg-II, Unit-2

2012 with BHEL's 1200 kV UHVAC transformer, 1200 kV CVT & Disc insulators. This project has been in successful operation since then. BHEL was the first manufacturer in India to have successfully designed, manufactured and tested a 1200 kV transformer.

- BHEL has successfully developed and tested the first 400 kV, 315 MVA Phase Shifting Transformer which has been supplied to APGENCO for installation at Kothagudem TPS.
- BHEL has set up state-of-the-art facility for Thyristor Valve at EDN, Bangalore for assembly and testing of Thyristor Valve Modules for HVDC and FACTS applications.
- Capacitor shop at Bhopal has been upgraded conforming to cleanliness class 6 as per ISO-14644-1 for manufacturing capacitors for HVDC and FACTS projects.
- Additional investments have been made at Bhopal works for manufacturing & testing converter transformers for ± 800 kV HVDC project.

Transmission Products

- Achieving yet another landmark, BHEL enters 765 kV transformer business - Secured two significant orders:
 - Megha Engineering & Infrastructures Ltd. for 765 kV auto transformers and shunt reactors along with other transformers for Western UP Transmission System Upgradation.
 - BIDCO for 765 kV generator transformers, auto transformers and shunt reactors for upcoming Lalitpur 3x660 MW TPS.

The orders envisage design, manufacturing, testing and supply of total 53 nos., 12365 MVA 765 kV transformers and reactors that would be manufactured at BHEL's state-of-the-art transformer plant at Bhopal.



498 MVA, 500 kV Converter Transformer for ± 500 kV, 2500 MW
Balia-Bhiwadi HVDC project

BHEL's foray into 765 kV range transformers has further strengthened BHEL's position in EHV segment.

- Customer reposes faith in BHEL-several transformer/switchgear orders received on negotiated basis from various customers viz. PSTCL (Punjab), NTPC (Tanda), Reliance (Dahanu), Chhattisgarh, Dadra Nagar Haveli, etc.
- Other significant orders received for power transformers/switchgear/bus ducts:
 - RRVPNL (Rajasthan) - 9 nos. 160 MVA, 220 kV auto transformers
 - TANTRANSCO (TN) - 6 nos. 100 MVA, 220 kV auto transformers
 - MP Transco & Discoms - 1378 nos. vacuum circuit breakers
 - UP Discoms - 809 nos. vacuum circuit breakers
 - NTPC (Nabinagar, Mauda & Solapur) - 7 sets busducts for 7x660 MW TPS
- Short circuit testing of 100 MVA, 220/66 kV system power transformer was successfully done for the first time in India. This transformer was manufactured by BHEL Jhansi for PSTCL and tested at CPRI.

International Business



Two nos. 135 MW Circulating Fluidised Bed Combustion (CFBC) Boilers under commissioning at New Caledonia

International Business

In International Business, the last few years have been afflicted with economic uncertainties and political turmoil which has severely constrained capital investments worldwide. Especially in our target markets new projects are not forthcoming and planned projects are also being put on hold or on slow execution path. In spite of such challenging trends, BHEL has been able to sustain its exports momentum with a physical export order inflow of ₹ 2004 Crore from 20 countries in 2012-13 registering an eight fold growth over the previous year. The year marked significant steps towards globalization with successful forays in new markets and new product areas, apart from firmly establishing the company's presence in existing markets.

Major Achievements During 2012-13

During the year BHEL secured following prestigious orders:

- Major Orders from Bhutan – Accelerating our success story in Bhutan, BHEL secured orders for Electro-mechanical package of 1020 MW Punatsangchhu-II Hydro Power Project and Electro-mechanical package of 720 MW Mangdechhu Hydro Power Project. With this order the total capacity contracted by BHEL in Bhutan has reached 4,356 MW (around 98% of Bhutan's total capacity). Another key achievement was winning the order for Transformer Package for the Punatsangchhu-II Hydro Power Project against stiff international competition.



Contract signing for supply of electro-mechanical package of 720 MW Mangdechhu Hydro Power Project in Bhutan



Signing of Enterprise Framework Agreement with Shell for the supply of Gas Turbine Generator packages to select Shell locations across globe

- Entry into new markets – Consolidating its presence in East Africa, BHEL has successfully made its maiden entry into Burundi by securing order for 2x10 MW Kabu Hydro Project. Also BHEL for the first time secured an order for supply of OLTC from M/s Absolute Africa, South Africa.
- Repeat Orders-Following the successful execution of the previous orders of Wellheads, BHEL received repeat orders for Wellheads from Jindal Petroleum Operating Company, Georgia and Amran Establishment LLC, Oman. M/s IER, UAE placed an order for Rotor of Fr-6B Gas Turbine subsequent to successful delivery of 4 nos. Frame 6B Gas Turbines by BHEL. Also repeat order for Bus Extension Module was secured from Metso Automation, USA (for the third time from the same customer). Moreover, BHEL secured a repeat order for the supply of 1900 kW Slip Ring Induction motor from Mombasa Cement Ltd., Kenya.
- Continued focus on After Sales Services led to orders for Spares & Services from Afghanistan, Bangladesh, Bhutan, Georgia, Indonesia, Iran, Jordan, Kenya, Libya, Malaysia, Malta, New Caledonia, Nigeria, Oman, Sri Lanka, UAE, United States & Yemen.

Execution of Major Overseas Orders

In the year 2012-13, BHEL has successfully commissioned 309 MW of power plant capacity in overseas markets. Major milestone of the year was the commissioning of power plants in Libya, Tajikistan, Ethiopia, Vietnam and Indonesia.



2x4.75 MW Modernisation & Uprating of Varzob Power Plant commissioned and project handed over to Govt. of Tajikistan

- **Libya** – Unit-6 (157 MW) Western Mountain GTPP for General Electricity Company of Libya was commissioned during the year. With this BHEL's installed capacity in Libya has reached 1,182 MW.
- **Tajikistan** – 2 x 4.75 MW Modernisation & Uprating of Varzob Power Plant commissioned and project handed over to Government of Tajikistan.
- **Ethiopia** – First unit (12.5 MW) of Fincha Sugar Factory efficaciously commissioned.



First Unit (30 MW) of PT-MSW Indonesia CFBC Boiler project successfully synchronized in Indonesia

- **Vietnam** – First unit (100 MW) of Nam Chien Hydro Project successfully commissioned.
- **Indonesia** – First Unit (30 MW) of PT-MSW Indonesia CFBC Boiler project successfully synchronized.

We are currently executing 30 nos. projects spread over 23 countries across the world – Afghanistan, Belarus, Bhutan, DR Congo, Ethiopia, Indonesia, New Caledonia, Oman, Rwanda, Sudan, Syria and Yemen to name a few.

Customer Appreciation

- **Oman** – 2 x Fr 5 GTG Mina Al Refinery – Appreciation received from Oman Oil Refineries and Petroleum Industries Company SAOC for successful completion of all works in record time in challenging conditions.
- **UAE** – Certificate of appreciation awarded by Al Ghail Power LLC for successful completion of 2 x Fr 6B GTG Al Ghail Power Project.
- **Azerbaijan** – Appreciation received from JSC Azereneji for the successful execution of the Imishli and Gala Power Transmission Project and after-sales support.



Minister of Trade & Industry, the Czech Republic presenting the EEPC Star Performer Award for the Year 2011-12 in the 'Product Group of Project Exports: Large Enterprise' to BHEL

Capital Investment



Hon'ble Union Minister for HI & PE inaugurating new Billet Charging Machine at BHEL, Tiruchirapalli



Thyristor Valve modules under Di-electric testing for ± 800 kV, 6000 MW NE-Agra HVDC Project



500/600 MW Rotor forging facility at CFFP, Haridwar



New Automated Solar Photovoltaic Panel manufacturing facility at EDN, Bengaluru

C. CAPITAL INVESTMENT

- BHEL made a capital investment of ₹ 752 Crore during 2012-13 towards augmentation of manufacturing capacity and modernisation of the facilities, in manufacturing units and at power project sites.
- Focused attention was given on rebuilding and retrofitting of many existing facilities to enhance their life, accuracy and productivity through an additional investment of ₹ 83 Crore
- As part of major Capacity Augmentation for modernization and upgradation of the Hot Mill of our Seamless Steel Tube Plant at Trichy, envisaging more than two-fold increase in capacity to 86,500 MT per annum, production trials are under way, with key facilities including the Rotary Hearth Furnace, Walking Beam Furnace and Stretch Reducing Mill having been commissioned. This will ensure secured supply chain for one of the key inputs for boiler manufacture. With introduction of state-of-the-art technology, yield will substantially improve, enhancing competitiveness.
- Photovoltaic (PV) Module Manufacturing Capacity has been enhanced at our Electronics Division, Bengaluru with the installation of ultramodern 20 MW Solar PV Module manufacturing line.
- BHEL is augmenting its manufacturing and testing facilities for ± 800 kV HVDC Transmission Systems; and for IGBT based propulsion systems for AC EMUs, DEMUs & 6000 HP AC Locomotives.
- Towards preserving environment and to reduce emission of green houses gases, BHEL has initiated conversion of Diesel Oil operated furnaces to Natural Gas at its Central Foundry Forge Plant at Haridwar.
- As part of its commitment towards green initiatives and contributing to sustainable development, BHEL is establishing a 5 MWp grid-interactive SPV power plant at its Boiler Auxiliary Plant at Ranipet.
- BHEL in its endeavour to support, develop and upgrade technology in the field of power transmission area is establishing Centre of Excellence for Advance Transmission System at Corporate R&D, Hyderabad and has commissioned

Real Time Digital Simulator (RTDS), with capability to simulate upto 1200 kV Transmission Voltages for development of transmission products.

D. JOINT VENTURES

I) BHEL-GE Gas Turbine Services Ltd. (BGGTS)

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

BGGTS achieved a sales turnover of ₹ 813.78 Crore during the year 2012-13 with a profit after tax of ₹ 81.70 Crore. Orders for ₹ 489.20 Crore approx were booked by BGGTS during the year 2012-13. BGGTS successfully completed gas turbine servicing & supply of spares to various customers in both Public and Private sectors. For the year 2012-13, BGGTS has declared a total dividend of 700 % thereby maintaining its consistent record of improved performance.

II) 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, the promoter partners have mutually agreed to gradually wind up the company.

III) NTPC BHEL Power Projects Private 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 JVC has acquired land in Mannavaram, AP and is in the process of implementing Phase-I of the investment for carrying out EPC and manufacture of Balance of Plant equipment for power plants. NBPPL has entered into a technical collaboration agreement with M/S DMW, USA for manufacture and supply

of Coal Handling Plants. The JVC is presently executing orders for Balance of Plant equipment assigned to it.

The paid up capital of the JVC is presently ₹ 50 Crore, with BHEL and NTPC each having subscribed ₹ 25 Crore. Further equity contribution of ₹ 25 Crore each has been made in May 2013 by the two promoters to enable JVC to meet its capital expenses requirement for implementing phase-I. For the financial year 2012-13, the JVC achieved a turnover of ₹ 116.25 Crore and PAT of ₹ 5.66 Crore approx. (unaudited).

IV) Udangudi Power Corporation Limited (UPCL)

BHEL had promoted a joint venture company with Tamilnadu Electricity Board for setting up of a 2x800 MW Supercritical Thermal Power Plant at Udangudi, Tuticorin, Tamil Nadu on build, own and operate basis. The JVC was incorporated on December 26, 2008 under the name of "Udangudi Power Corporation Ltd". The paid up equity capital of JVC was ₹ 65 Crore, with BHEL and TNEB each having subscribed ₹ 32.5 Crore. The JVC has been awaiting grant of coal linkage and MOEF clearance before proceeding with finalizing main plant equipment order on BHEL. In March 2012, Govt. of Tamil Nadu indicated that they would like to pursue this project as a state project rather than as a JV project and requested BHEL to agree for termination of JVA on mutual consent basis. After exploring all possible options, BHEL has agreed for sale of BHEL's equity in UPCL to TANGEDCO for a total consideration of ₹ 64 Crore. Pursuant to receipt of sale consideration and transfer of BHEL's share in UPCL to TANGEDCO, BHEL nominee directors have resigned from the Board of UPCL with effect from March 26, 2013 and the JVA stands terminated.

V) Raichur Power Corporation Limited (RPCL)

BHEL has promoted a joint venture company with Karnataka Power Corporation Limited (KPCL) for setting up of a 2x800 MW Supercritical Thermal Power Plant at Yeramarus, Raichur, Karnataka and 1x800 MW Supercritical Thermal Power Plant at Edlapur, Raichur, Karnataka on build, own and operate basis. The Joint Venture Agreement with KPCL was signed on January 12, 2009 and the JVC was incorporated on April 15, 2009 under the

name of "Raichur Power Corporation Limited". The initial authorized and paid up equity of the JVC was ₹ 10 Crore subscribed to equally by KPCL and BHEL. Pursuant to financial closure in November 2011 and induction of IFCI as the third equity partner, a change in equity structure has been agreed and final equity holding would be KPCL 50%, BHEL 26% and IFCI 24%. At the end of 2012-13, the total paid up equity capital of JVC is approx. ₹ 775.9 Crore, with BHEL contributing ₹ 331.5 Crore, KPCL contributing ₹ 344.4 Crore and IFCI contributing ₹ 100 Crore. JVC has also tied up the required debt with M/s PFC and a consortium of commercial banks.

The JVC has received MOEF clearance for the 2x800 MW Yeramarus Power Project and the order for supply and E&C of main plant equipment for the 2x800 MW Yeramarus project has been placed on BHEL for a value of approx. ₹ 6,300 Crore. The work of Coal Handling System and Ash Handling System for YTPS has also been awarded to BHEL at a negotiated contract value of ₹ 966 Crore (inclusive of taxes). The LOA for 1x800MW Edlapur project valuing ₹ 3,100 Crore has also been settled and Notice to Proceed would be issued after MOEF clearance.

VI) 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 2x800 MW Supercritical Thermal Power Plant at Khandwa, Madhya Pradesh on build, own and operate basis. The Joint Venture Agreement with MPPGCL was signed on January 28, 2010 and the JVC was incorporated on February 25, 2010 under the name of "Dada Dhuniwale Khandwa Power Ltd.". The initial authorized and paid up equity of the JVC was ₹ 5 Crore subscribed to equally by MPPGCL and BHEL. At present the paid up equity capital is ₹ 45 Crore, with BHEL and MPPGCL each having subscribed to ₹ 22.5 Crore, to enable JVC to meet land acquisition expenses. The acquisition of land is in progress with section 9 notification issued for land for approach road & water pipeline corridor and section 6 notification for land for main plant. Application for grant of coal linkage was filed with Ministry of Coal on January 27th, 2010 and all the

requirements under ToR as specified by Ministry of Environment and Forests (MOEF) including EIA study and public hearing has been completed. The JVC has been awaiting grant of coal linkage and MOEF clearance before proceeding with finalizing main plant equipment order on BHEL. The JVC has in Jan' 13 applied for allotment of coal blocks under the new policy for coal block allotment to Govt. companies announced by Govt. of India. A change in equity structure has been approved by the Board, with BHEL holding 26%, MPPGCL 10%, PSUs/PSU-FIs/PSU bank 16% and balance 48% by a strategic partner.

VII) 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 present paid up equity of the JVC is ₹ 5 Crore, subscribed to equally by both the partners.

The JVC has reviewed the viability of various fuel options to set up a coal based or gas based project. Due to non availability of coal linkage and domestic gas also not being available till 2015, the JV partners are considering the option of setting up a Solar PV plant.

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-the-art technologies and processes, relevant to the needs of the country to remain current both in terms of 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 4.4% growth over last

financial year (from ₹ 1,199 Crore to ₹ 1,252 Crore (actual)) and associated turnover from In-house developed products and services clocking turnover of ₹ 9643 Crore, which is approx 19% of the total turnover of the company. BHEL's efforts for encouraging innovation have resulted in raising BHEL's IPR capital tally to 2170 as on date with highest ever IPRs (385 nos.) filed this year.

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

- A cost-effective high-pressure feed water heater for 600 MW Power Plants, meeting international standards, has been successfully developed. It has been installed at 2x600 MW North Chennai.
- To meet stringent safety requirements of 500 MW Fast Breeder Reactor based Nuclear Power Plant of BHAVINI, a state-of-the-art unified C&I platform involving major equipment like Steam Generator, Turbine, Auxiliary Boiler and Station C&I has been designed and implemented.
- To improve the stability and reliability of power systems, BHEL has developed and manufactured a 3 Phase, 315 MVA, 400 kV class, Phase Shifting Transformer with state-of-the-art features. It will be installed at APGENCO Kothagudem.
- In the area of renewable energy, a cost-effective 250 kW grid-connected Power Conditioning Unit (PCU) has been developed, commissioned and synchronized with the grid.



3-Phase, 315 MVA, 400 kV class Phase Shifting Transformer with state-of-the-art features developed and manufactured by BHEL



Indigenously developed Solar Thermal Sun Tracker based on Liquid Balancing System

- To enhance overall solar energy absorption during the day by PV arrays, BHEL has developed a modular solar thermal sun tracker which operates on a novel liquid balancing system. It enables generation of 25% additional energy during the day.
- BHEL has developed a mathematical model for predicting the dynamic behavior of 182 MW Integrated Gasification Combined Cycle (IGCC) plants. This has been used to carry out dynamic simulations for possible disturbances in the plant and to develop control systems.
- BHEL has developed a new variant '300 MW Steam Turbine' with 3.9% improved heat rate by optimizing the flow paths of HP, IP and LP turbines, while keeping the existing turbine module combination of 270 MW. The turbine has been offered for 1x300 MW Abhijeet Infra, Visakhapatnam.
- In the transportation sector, catering to RDSO's requirement for conversion of existing DC EMUs to 25 kV AC EMUs, BHEL has successfully type tested a 1200 kVA AC EMU transformer which matches the dimensions of the conventional AC EMU transformer with a 20% enhanced output.
- To improve the reliability of Oil rigs, BHEL has developed an improved design of Casing Line Spooler Unit with electrically operated braking system to eliminate the failure of rope during reeving in or out operation.
- In its endeavour to develop environment friendly technologies, BHEL has developed

Copper Indium Gallium di-Selenide (CIGS) nano-material for the absorber layer of thin film solar cells. CIGS has better performance under diffused light. 16-20% efficiency has been achieved at lab level.

- As a reliable partner in ISRO's space program, BHEL achieved a landmark with the successful deployment of its Space Grade Solar Panels and Satellite Batteries on the GSAT-10 and RISAT satellites. BHEL has supplied 278 sq. mtrs. of Space Grade Solar Panels and 42 Satellite Batteries, which are deployed on various satellites, now in orbit.
- A state-of-the-art Test Facility for boiler feed booster pumps for power plants up to 1000 MW has been established at Hyderabad. It is used for testing the pump for full load performance and NPSH (Net Positive Suction Head) test with vacuum control. The booster pump for 660 MW NTPC Barh-II unit was tested at this facility.
- A Drop Tube Furnace facility has been established at the Coal Research Centre, Tiruchy, for testing the combustion characteristics of Indian, imported as well as blended coals. It will be used for accurate prediction of boiler performance and efficient furnace design.

F. QUALITY PERFORMANCE HIGHLIGHTS

1. Continuing its tradition of achieving excellence, two Units of BHEL (Hyderabad & EDN) have been awarded "Commendation for Significant Achievement" in 2012-13 under CII EXIM Bank Award Scheme for Business Excellence as per the globally recognized model of European Foundation for Quality Management (EFQM).
2. Customer Satisfaction Survey conducted in 2012-13 for Power Sector of BHEL by M/s IMRB International, Gurgaon. CSS was carried out for all four PS-regions and PEM. The overall Customer Satisfaction Index (CSI) of BHEL as per survey report is 65 out of 100.
3. International Convention on Quality Control Circles (ICQCC- 2012) held at Kuala Lumpur, Malaysia during 14 - 17th Oct'12 where 4 units (Trichy, HEEP Haridwar, EDN & EPD) of BHEL participated. BHEL

Trichy, EDN & EPD bagged “3 STAR Gold” award where as HEEP Haridwar bagged “2 STAR Silver” award.

G. HUMAN RESOURCE MANAGEMENT

1) Industrial Relations

1. The Industrial Relations scenario in the various Manufacturing Units and the Business Sector/ Offices of the Company remained harmonious and peaceful during the year 2012-13. The mandays lost was almost negligible during the year.
2. The thrust on participative culture and communication continued during the year. The apex level bipartite forum, namely "The Joint Committee for BHEL" met twice. There were 64 meetings of the Plant Councils and 365 meetings of the Shop Councils. In addition, meetings were also held with the representatives of Executives and Supervisors of the various Manufacturing Units including the Business Sector/Offices.
3. A Joint Appeal on behalf of “The Joint Committee for BHEL”, was also issued apprising all the employees about the prevailing business environment, the order book position, the various financial parameters and the intense competition which the Company is facing. The Appeal urged the employees not only to rise on this occasion but to overcome these challenges with all their might.



Winners of 'Vishwakarma Rashtriya Puraskar 2010 & National Safety Awards 2010' with Dir. (HR) & the then Dir. (IS&P) after receiving the awards from the Hon'ble Union Minister of Labour

2) Awards won by BHEL, Units & employees

Continuing its tradition of winning prestigious national/international awards, the organization and its employees won several awards during the year 2012-13. Notable among these included:

- The 'India Pride Award for Excellence in Heavy Industries 2012-13' was received by CMD, BHEL from Dr. M. Veerappa Moily, Union Minister of Petroleum & Natural Gas.
- The Indian Chamber of Commerce 'PSE Excellence Award' in the R&D, Technology & Innovation category was received from Mr. O.P. Rawat, Secretary, Department of Public Enterprises, Govt. of India.
- 'National Energy Conservation Award 2012' was won by BHEL Central Foundry Forge Plant (CFFP), Haridwar for excellence in energy conservation and management in 'Foundries' sub-sector in 'Industries' sector. The Hon'ble President of India, Shri Pranab Mukherjee, presented the award to CMD, BHEL, on National Energy Conservation Day.
- 'AIMA Managing India Award' for being the Outstanding PSU of the Year by the All India Management Association (AIMA). The award was presented by the Hon'ble President of India, Shri Pranab Mukherjee to CMD, BHEL
- The 'NDTV Profit Business Leadership Award 2012' in the Engineering category from Shri Montek Singh Ahluwalia, Dy. Chairman, Planning Commission. BHEL has won this prestigious award for the third year in succession.
- 'DSIJ Award for the Fastest Growing Maharatna PSU'. The award was presented to CMD, BHEL by Mr. Ajit Singh, Hon'ble Union Minister of Civil Aviation.
- BHEL was declared the Best PSU in the Electrical & Electronics category by Dun & Bradstreet.
- BHEL has won 'Golden Peacock National Training Award 2012' after a gap of more than a decade. The Award highlights the Training Excellence of the organization.

- The 37th ELCINA-EFY Award, Instituted by the Electronic Industries Association of India (ELCINA) and Electric for You (EFY) in recognition of the 'Spirit of Excellence' in the electronics industry.
- 'Enertia Award 2011' under the category Technology & Innovation for Conventional Energy (Thermal, Nuclear, etc.).
- Engineering Export Promotion Council (EEPC)'s Top Export Award-recognition for twenty third successive year.
- 'SKOCH Digital Inclusion 2012' Gold award Trophy in the PSU category for developing and implementing 'Drawing and Document Management System'.
- 'BT-Star Award 2013 for Excellence in Innovation (Tech/RnD)' in the Maharatna/Navratna category was received by CMD, BHEL from Shri Shekhar Dutt, Hon'ble Governor of Chhattisgarh, in the presence of Shri Bhupinder Singh Hooda, Hon'ble Chief Minister of Haryana.
- The 'Gold Award under the National Awards for e-Governance 2012-13' was conferred on BHEL for Innovative use of ICT by PSUs for Customer's Benefits. The award was presented to BHEL by the Hon'ble Chief Minister of Rajasthan, Shri Ashok Gehlot, at the 16th National Conference on e-Governance.
- 7 employees won 'Prime Minister's Shram Awards' including 1 Shram Bhushan ; 5 Shram Devi ; and 1 Shram Shree and 3 Vishwakarma Rashtriya Puraskars have been shared by 13 employees from BHEL's Trichy unit, for innovative suggestions leading to cost reduction, higher productivity, safety and quality of products.
- 5 'National Safety Awards 2010' to BHEL's Trichy unit and EPD, Bangalore for outstanding achievements in terms of the longest accident free period and lowest accident frequency rate at their works.
- 'Dainik Bhaskar India Pride Gold Award 2012' for excellence in Central and State Public

Sector Enterprises in the category of Heavy Industries.

The following awards were conferred in individual category :

- Shri B.P. Rao, CMD, BHEL, received the 'BT-Star Best PSU Man of the Year 2012' Award from Shri Oscar Fernandes, in the presence of Shri T.K.A. Nair, Advisor to the Prime Minister of India.
- Mr. Farooq Abdullah, Hon'ble Union Minister of New & Renewable Energy presented Enertia 'Power Man of the Year Award' for individual contribution to the power sector to Mr. B.P. Rao, CMD, BHEL.
- 'NITIE Distinguished Alumnus Award 2012' to CMD, BHEL.
- Top Rankers 'Entrepreneurial Path Breaker Award 2013' from Mr. Ajay Shankar, Member Secretary, National Manufacturing Competitiveness Council to CMD, BHEL.
- 'CNBC TV18 Best CFO Award 2013' was received by Director (Finance) from the Hon'ble Union Minister of State (Independent Charge) for Corporate Affairs, Mr. Sachin Pilot.
- 'BT Yes Bank CFO of PSU (Large) award' was received by Director (Finance) from Hon'ble Union Minister for Commerce & Industry, Shri Anand Sharma.
- Director (Finance), BHEL, was conferred the IPE 'Finance Leadership Award' for valuable contribution made by his practices towards corporate governance. The awards are presented by Institute of Public Enterprise (IPE) & endorsed by World CSR Congress, World CSR Day, CMO Asia & Asian Confederation of Business.
- 'CFO 100 Roll of Honour 2013 in Corporate Governance/Financial Control' to Director (Finance), BHEL.
- HR Leadership Award to Director (HR), BHEL.
- Director (Power), BHEL, received the BT-Star Award 2013 for Excellence as Director (Projects) in the Maharatna/Navratna

category, from Shri Shekhar Dutt, Hon'ble Governor of Chhattisgarh, in the presence of Shri Bhupinder Singh Hooda, Hon'ble Chief Minister of Haryana.

- 'Bureaucracy Today PSU Director of the Year Award' to Director (Power), BHEL.

3) Human Resource Development

• Training

- During the year 2012-13, total number of training man days (TMD) per employee is 4.95 against MoU target of 3 TMD per employee.
- 152 Multi-skilling/Skill upgradation Programmes have been conducted during 2012-13 covering approximately 3000 artisans.
- Customer Training has been a regular activity at BHEL. During the year, 2202 customers were trained giving 9921 man days.
- 8390 Vocational Trainees from different professional institutions were also trained giving 386586 man days.
- 6139 Act Apprentices were trained in different units giving 1103205 man days.
- Our esteemed customers like NTPC, PGCIL, NHPC, ONGC and IOCL appreciated us for conducting effective customer training programmes at HRDC Bhopal.
- DVC appreciated the training programme at HRDC Jhansi as "Valuable and Knowledge full, It also helped in operation & maintenance at site".
- **People Development Workshops** – Based on the findings of the BHEL Employee Engagement Survey and Focused Group Discussions measuring the rational and emotional commitments of the new entrants in the organization, HRDI and Corporate HR/ NIC conducted three workshops for Training of Trainers for People Development at HRDI, Noida. Participants who were trained here in turn went back to their units/regions and conducted a total of 82 workshops covering 2110 executives (E4-E7).

- **Knowledge Transfer Workshops** – Knowledge Transfer Workshops have been devised as a mechanism to capture existing knowledge from the seniors who have superannuated or are due to superannuate & to document their knowledge for the benefit of future engineers of BHEL.
- **'BHEL: Need of the hour' for Artisans** – To increase the efficacy of artisans and their commitment to work for BHEL's growth, six workshops were conducted at Bhopal, Haridwar, Hyderabad, Trichy and Rudrapur. 315 artisans participated in the workshops.
- **'Life Education Workshop' for Supervisors**– In order to increase the productivity, positive orientation and commitment at work place for Supervisors; HRDI had conducted Two Life Education Workshops at Haridwar. 111 Supervisors of Haridwar unit attended this programme.
- **Training for Board Members** - In keeping with our policy of training from all levels ,three of our Board Members were nominated for attending two days "Directors' Conclave: Towards Value Adding Board" organized by International Management Institute(IMI), New Delhi on Sept. 28-29,2012.
- **In collaboration with NTPC, a top management programme** - "Strategic Management Initiative for Leadership Effectiveness (SMILE) Towards Global Strategic Leadership" was held for 11 days at Greater Noida, Berlin, Milan and Paris by International Management Institute, New Delhi. Programme was attended by nine EDs, one GM (I) and two Sr. GMs + one DHI representative.
- **Mentoring Workshop** - During the year 2012-13, 23 workshops were conducted at Varanasi, Haridwar, Bhopal, Trichy, Bangalore, Delhi, Hyderabad, Jhansi, Ranipet and Power Sector (Eastern Region) to train 742 mentors and mentees.
- **Competency Development** - As a part of 'Competency Development' initiatives, the third phase of Behavioural Competency

assessment was conducted for Senior level executives with the help of a Consultant using the Development Centre approach. 352 executives were covered during the year thereby completing the assessments across all units. The strengths and areas of improvement in relation to the BHEL's Competency Framework were shared with each participant and a Development Plan suggested for each during the feedback session.

4) Manpower strength

The manpower strength of the Company as on 31.03.2013 was 48,399.

5) Status on Presidential Directives

Directives on reservation policy for reserved category persons

Presidential Directives on reservation policy issued by Central Govt. 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. Representation of SC/ST employees:

The overall representation of SC/ST/OBC employees in total manpower was 19.81%, 5.76% and 25.02% for SCs, STs and OBC respectively as on 31/12/2012. However, the percentages in direct recruitment during the year are 19.06% for SCs, 5.83% for STs and 33.66% for OBCs. This does not include offers issued, but those who joined after 01/01/2013 till 31/03/2013, which takes care of the required percentage of reservation as on 31/03/2013.

The Annual Statement in the prescribed format showing the representation of SCs, STs and OBCs as on 31/12/2012 and number of appointments made during the preceding calendar year, as furnished to the Government, is given at **Annexure - A**.

II. Manpower strength of Physically Challenged employees as on 31.12.2012

As on 31/12/2012, we have a total of 930 Physically Challenged employees in BHEL. The group wise manpower strength of Physically Challenged employees in the Company as on 31/12/2012 is given at **Annexure - B**.

H. CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS

It has been BHEL's endeavour always to act as a responsible corporate citizen committed to working for welfare of the society through inclusive growth aimed at capability building, empowerment of communities, environment protection, development of backward regions and upliftment of the marginalized and under-privileged sections of the society. In line with this commitment, the company supports various social initiatives across the country by undertaking projects in diversified areas like Education, Community Development, Health, Environment Enrichment, Vocational Training, Skill Development, Disaster/Calamity Management and Infrastructure Development. During the year 2012-13, the Company achieved a fund outflow of ₹ 63 Crore on its various CSR initiatives and activities.

Education

The Company is promoting various Scholarship Programmes for students from below-the-poverty-line (BPL)/weaker sections of the society to enable them pursue higher education. Under these programmes, financial assistance is also provided to children of widows in adopted schools and villages of BHEL units. The company is supporting need-based construction of hostels, classrooms, toilets etc. in several educational institutes of the backward regions/districts of the country.

BHEL supported a project titled "Katha Reading League in 10 MCD schools" of Delhi which has

been implemented by an NGO named “Katha”. The project has successfully achieved the objective of rehabilitating slum children, including school drop-outs, developing in them an inclination towards reading/learning through the method of story-telling.

Another project titled “Lifting every voice of children” has been undertaken by the company to provide quality education to children belonging to under-privileged/weaker economic sections of the society. The project targeted socially & economically deprived children living in re-settlement colonies of Delhi. Under the project, 300 children have been covered to promote quality education through 10 integrated learning centres where they were also provided with mid-day meals for better nutrition/health. To make the classroom environment user-friendly & supportive, learning material like copy, pencils, slate, eraser etc. as well as toys and other items for decoration of Balwadi were also provided to these children. Apart from the above, several activities like games have also been conducted for motor development of the children.

Carrying forward its endeavour for inclusive growth of the society, BHEL joined hands with an NGO named ‘Udayan Care’ to support higher education of girl children coming from below-the-poverty line (BPL) families. This CSR project, aligned to BHEL’s Haridwar unit, is yet another step by the Company towards empowering girl children coming from extremely poor family background, so that they are able to join the mainstream of development. Under this programme titled ‘Udayan Shalini’, 100 brilliant girl children, who have passed class Xth, shall be financially supported to pursue their education up to Post-graduation level alongside developing/enhancing their personality and employability.

Community Development

To supplement our health and hygiene programs, BHEL has initiated a program called “Anhad Gram” in 25 villages of the backward district of Munger in Bihar. Through the program, following four objectives will be achieved- i) Dairy development,

ii) Bio mass fuel, iii) Women Health & Hygiene and iv) Food Processing & Preservation Unit, with a view to holistically improve the living conditions of people in these villages. These projects are named as: Swadhaar (Milk chilling units), Sulndhan (Bio-mass fuel), SuKanya (Low cost sanitary napkins unit) and SuAahar (Food Processing & Preservation Unit).

- 1. Swadhaar:** The program involves setting up of a milk chilling centre for the profitable management of animal husbandry in the village. The cooperatives have been formed from the rural population of the village for profitable and commercial usage of milk. One group of farmers has also been formed for organic certification of their farmland and farm produce. Under this programme, the farmers have been trained for proper management of their livestock to ensure better quality and quantity of milk. The program has been envisaged to bring about sustainable development of the region in its social, economic and environmental arena.
- 2. Sulndhan:** As the women of the villages have to spend a large part of the day in collection of firewood and also have to bear the drudgery and smoke while cooking by their traditional fuel and methods, this program for briquette-making from the agricultural bio-wastes has been undertaken. Under the program, briquettes have been produced with a burning efficiency of about 55 minutes, resulting in lesser pollution and better fuel efficiency while cooking.
- 3. SuKanya:** Under this program, BHEL is setting up a production unit for low cost sanitary napkins in the villages. The unit will be run and managed by the women SHGs of the village. This program has been envisaged for the empowerment of women. With a view to make the women of the village self-reliant and act as protagonists in the region for providing a low cost sanitary napkin alternative to the women/girls of the region for their better health & hygiene.

- 4. SuAahar:** Under the program, a centre for food processing to provide value addition to the crops grown and with consequent increase in income of the farmers has been set up in the villages. Promotion of Organic farming in the selected beneficiary villages has also been done so as to promote sustainable development of agriculture in the region. It is through the practice of organic farming that input cost of agriculture will get reduced and the farmers will get a good price for their produce that will include a significant variety of crops and fruits. Around 100 farmers having at least 40 hectares of agricultural land will work in this project for organic certification of their land.

Health Management

Committed to providing quality health care services for the needy and deprived people and in particular, for the aged people living in remote/backward regions, BHEL joined hands with Help Age India, a renowned NGO, by providing them with 04 Mobile Medical Units (MMUs) for operation in the vicinity of remote project sites of its Power Sector Regions - PSNR, PSSR, PSER and PSWR.

The MMUs are fully equipped with basic diagnostic equipments such as Stethoscope, BP Apparatus, Glucometer for measuring blood-sugar levels, weighing machine etc. including medicines for common ailments such as Hypertension, Diabetes, Arthritis, etc. The Help Age team consisting of Social Protection Officer, Medical Consultant, Physiotherapist and Pharmacist along with specialist drivers will operate the MMUs at Nimoo Bazgoh in Leh, Angul (Odisha), Durgapur (West Bengal) and Nagpur (Maharashtra), to provide free medicines and health care to the poor people residing in these areas who otherwise are unable to afford medical treatment on their own.

BHEL has extended support to Triumph Foundation, a charitable trust under the Rotary Club of Thane Hills for setting up a Day Care Centre and Blood Bank for patients afflicted with Thalassemia, a disease caused by weakening and destruction of

Red Blood Cells resulting in bone deformities and cardio-vascular illnesses.

BHEL has funded the state-of-the-art equipments for this Blood Bank with modern facilities such as, provision of Nucleic Acid tested blood and blood components at a very nominal cost, Mobile Van facility for conducting voluntary blood donation camps, facility to store 1000 units of blood, bar coding of all the samples and blood units and components to ensure donor and patient identity.

Disaster Management

As an expression of its solidarity and support to thousands of people devastated by the recent floods in the Ganges & its tributaries in Uttarakhand region, BHEL swiftly got into the act to provide relief and succour to them by way of food, water, medicines as well as mobile medicare services (MMU).

Reaching out to the victims of flood-ravaged Uttarakhand region, BHEL made a humble contribution of ₹ 2 Crore under the company's CSR initiatives to the Chief Minister's Relief fund of Uttarakhand to alleviate the suffering of the distraught people.

In addition to the amount given to CM's Relief fund, BHEL employees also came forward to express their solidarity and support for the people devastated by nature's havoc in Uttarakhand by contributing their one day's salary amounting ₹ 6.38 Crore to PM's Relief fund. This noble gesture of BHEL employees yet again symbolises the inherent strength of the Company in integrating its organisational values with the determination and passion of its employees to reach out to the most needy and downtrodden sections of the society.

Earlier, BHEL had also compassionately responded to the beck and call of the victims devastated by the earthquake in Sikkim by undertaking refurbishment of four government schools which were damaged by the earthquake.

Environment Protection

Fully alive towards its responsibility for protection of the environment, BHEL had undertaken a project that entailed afforestation of a barren land

at Ramadurga in Koppal district of Karnataka. The project involves planting of fruit-bearing trees in a patch of completely barren land and preserving these trees for birds and animals, thereby also promoting protection of species

Vocational Training

With a view to provide self-employment opportunities to women and to enable them to enhance their social and economic status, two programmes viz. “Cutting and tailoring” and “beauty culture” for women of economically weaker sections of Simrawari (Khailar) & Gopalpura villages of Jhansi were conducted.

UDAAN Project

The Govt. of India has evolved a scheme called ‘Special Industry Initiative’ (SII) to train the educated youth of Jammu & Kashmir (J&K), who have the potential to contribute to national growth/development, so as to enhance their employability. The initiative titled ‘Udaan’ envisages training of 40,000 youths holding professional graduate/post-graduate degrees. BHEL has joined this initiative to provide training to 500 J&K youths over a period of five years.

The training programme for the first batch of 100 youths by BHEL was formally launched on 14.02.2013 at a function held in SCOPE complex, New Delhi which was presided over by Shri M.F. Farooqui, Secretary (HI), Ministry of HI&PE. Shri B.P. Rao, CMD (BHEL), Shri Ambuj Sharma, Joint Secretary (HI), our Directors – S/Shri Atul Saraya, Director (Power), O.P. Bhutani, Director (E,R&D), M.K. Dube, Director (IS&P), P.K. Bajpai, Director (Finance), R. Krishnan, Director (HR); and a host of other dignitaries including Shri R.K. Srivastava, Jt. Secretary (MHA – Kashmir Affairs) and Shri Dilip Chenoy, CEO & MD of National Skill Development Corporation (NSDC) were present on the occasion.

CSR Training & Development

Believing firmly in the need for training and sensitizing employees and staff towards CSR, BHEL had trained 45 officials engaged in CSR activities in various units/regions/divisions of the Company

for better understanding and implementation of CSR guidelines issued by the Department of Public Enterprises (DPE).

I. RIGHT TO INFORMATION ACT, 2005

BHEL is a front-runner in implementing the Right to Information (RTI) Act, 2005 and has embraced the Act in true letter and spirit.

A Central Public Information Officer (CPIO) and a Central Assistant Public Officer (CAPIO) aided by a Senior Executive (Law) at the company level and 15 CPIOs at each of the major administrative units along with 1 CAPIO at Bhopal Unit are functioning as part of the Right to Information Group.

To assist and facilitate the citizen in obtaining information, detailed guidelines have been placed on BHEL’s website, spelling out the procedure for securing access to information and filing of first appeals under the Act.

Instructions have been issued to administrative units to ensure compliance to the mandatory requirements of the Act.

Proactive disclosures have been made on BHEL’s website in line with Section 4 (1) (b) of the Act, disseminating various categories of information so that citizens have minimum need to resort to the Act for the purpose of obtaining information.

BHEL is an active member of Steering Committee on RTI constituted by Standing Conference of Public Enterprise (SCOPE). CMD, BHEL showcased BHEL’s journey in adopting RTI as a tool of transparency in improving efficiency in systems and processes in the special issue of ‘Kaleidoscope’ a SCOPE publication.

The CPIOs and the other stakeholders involved are sensitised regularly about their obligations under the Act through various trainings and workshops. BHEL participated in Symposium on “Right to Information Act, 2005 for Central Public Sector Enterprises” held on 29th & 30th of November 2012 at Mumbai. Annual workshop on Right to Information Act, 2005 for the benefit of new & existing CPIOs/CAPIOs of BHEL was held

on 5.10.2012 wherein along with other speakers Ms. Sushma Singh, Honourable Information Commissioner from the Central Information Commission addressed the participants.

BHEL received 1425 RTI applications and 287 appeals during the year 2012-2013 which were dealt with as per the provisions of the Act.

J. INTERNAL CONTROL SYSTEM

- The company has Internal Audit Cells located at major manufacturing units, regional offices and at Corporate office of the company which carry out audits as per Annual Audit Programme approved by 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 Committee which is supported by Unit Level Audit Committees.
- 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. 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.

K. MERGERS & ACQUISITIONS

BHEL, in its strategic endeavor to diversify the market and product portfolio, is actively pursuing acquisition opportunities in Europe & USA in the areas of core technologies in energy sector including renewables 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 etc. to facilitate in achieving top line and bottom line growth targets as envisaged in Strategic Plan 2017.

In this pursuit, BHEL is consistently evaluating its technology profile, product mix and exploring new potential markets for suitable target opportunities in close co-ordination with its empanelled M&A Advisors.

To realize the full benefits to BHEL from Bharat Heavy Plate & Vessels (BHPV), a wholly owned subsidiary, a proposal for merger of BHPV with BHEL under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") was approved by BHEL Board on May 23, 2012. Consequently, with the approval of merger proposal by Union Cabinet on February 21, 2013, a Modified Draft Rehabilitation Scheme (MDRS) under the provisions of SICA has been filed with Hon'ble BIFR.

The Extraordinary General Meetings of BHPV and BHEL shareholders were held on June 20, 2013 and June 27, 2013 respectively wherein proposal for merger of BHPV with BHEL was passed by a special resolution.

It is envisaged that with the merger of BHPV with BHEL, the consolidated entity shall provide strategic and competitive advantage by integrating and rationalizing capacities for the production of industrial boilers and process plant equipment.

L. OPPORTUNITIES AND THREATS

World

The global economy faces a number of significant and interrelated challenges hampering recovery from a half a decade long economic crisis. The global economy is still under the grip of crisis with euro-zone recession continued in the first three months of 2013 despite some signs of revival in Germany coupled with increased monetary and fiscal cuts in US.

Across the advanced economies, the IMF report 2013 predicts shrinkage of growth by 0.2 percent in 2013 against earlier forecast of 3 percent due

to fall in US growth from 2.2 percent in 2012 to 1.6 percent in 2013 on the back of continued austerity, unabated recessions in eurozone and some medium-term risks emerging from “unconventional monetary measures” in other developed economies. In Asia (and particularly the ASEAN economies), where domestic demand growth has been fairly strong with scope for stimulus in selected areas, the outlook during the year 2013-14 appears positive. Enduring worries about the Eurozone debt crisis will tend to favor the dollar over the euro and other risky currencies. The overall outlook indicates a balanced risk with prospects of slow recovery in global economy during the current & next fiscal.

Globally energy scenario has witnessed major shifts and realignments with Shale Gas discoveries proving to be a game-changer. Fukushima disaster has put the nuclear program on the back burner while major technological and cost breakthroughs have accelerated prospects of renewables. Growing population, stringent environmental regulations and new technologies are transforming the energy landscape making inroads for alternative energy in the global energy mix for long term sustainability of economic growth. With the increasing need to develop alternative energy, notable steps have been taken by international political fraternity in policy making with important agreements on climate change, reform of inefficient fossil-fuel subsidies and development and deployment of low-carbon technologies having potential to transform the global energy systems. As a part of alternative sources of energy, renewables are growing at a much faster pace than fossil fuel with share of electricity generation from solar surpassing the generation from wind energy sources.

In the global context, growth in demand for energy is expected to be around one percent on an annual average during the period 2011-2035. The fastest growing major source of energy will be natural gas while coal would remain dominant fuel till 2025 before paving the way for less carbon intensive energies led by OECD and China. Global investment in energy supply infrastructure is expected to be around \$38 Trillion over

2011-2035. By 2035, China would account for 22% of world demand, up from 17% in the year 2012 followed by India with 18% share in the rise.

On the face of the challenges of availability, accessibility, and accountability in the context of energy, policy and technology innovations are the imperatives for harnessing natural resources more efficiently for maintaining a sustainable economic growth.

India

Overall economy of India has taken a hit due to the cascading effect of uncertainty surrounding global economy coupled with low domestic consumption demand spurred by inflation and poor manufacturing & capital goods performance mirroring weak investment sentiment. The GDP growth number for the year 2012-13 has been 5% against 5.3-5.5% predicted earlier by most financial institutions. The country has to struggle even harder to achieve a GDP growth number of around 6% in FY14 due to challenging domestic & external environments and lower-than-expected expansion during the fiscal 2012-13.

Sectoral indicators of IIP during the year 2012-13 were also disappointing as Electricity & Manufacturing posted a subdued growth while Mining contracted. Indian Rupee breached all time low of 56-level against Dollar due to number of macro-economic factors like large current account deficit, high fiscal deficit and delay in easing of monetary policy. Industrial growth, as per IIP data released by CSO, registered a growth of 2.5% during March'2013 after bottoming out in February'2013 at 0.6%. The Capital Goods sector has registered subdued performance with intermittent contractions all through the year 2012-13 pummeled by bleak investment climate due to high interest rate and uncertainty in finalization of projects. CMIE estimate for average IIP growth over the year 2013-14 is around 3.5%, a positive signal for increasing industrial growth prospect driven mainly by enhanced focus on infrastructure development. Intervention of monetary policy regulator is a necessary requirement for

sustainable growth in industrial production. The resilience of Indian economy would continue to get tested on the anvil of challenges thrown up by a struggling world economy and domestic pressures of inflation, current account deficit, lack of investment sentiment, subdued capital inflow and consumption demand.

Power Sector

The Indian Power Sector is one of the largest and most important industries in India as it fulfills the energy requirements of all industries across various sectors. The sector has been growing quite remarkably over the last two plan periods. In current plan period (12th Plan), capacity addition of 20,623 MW was achieved till March'13 against a capacity addition target of 17,601 MW. Total installed capacity in India reached 2,23,344 MW as on March 31, 2013. Still, country's power sector is characterized, with some pockets as notable exceptions, by a sharp demand-supply imbalance, frequent power cuts etc. Responding to burgeoning demand of electricity, 12th Plan envisages an investment of around ₹ 16 Lakh Crore in Power Infrastructure. During 12th and 13th Plan periods, Government of India intends to add around 88.5 GW and 100 GW respectively along with the matching capacity additions in T&D segments. In order to build an efficient and rapidly growing electricity sector with large-scale private and foreign investments with state-of-the-art technology, Government of India has shown its strong commitments by constituting Cabinet Committee on Investments to clear projects expeditiously. Therefore opportunities for growth exist for all stakeholders. Foreign suppliers, especially from China and other developed nations have made substantial inroads in Power Generation and transmission equipment space. Off late, Japan is also on the lookout to enter into Indian Power Sector taking advantage of depreciating Yen.

In spite of various policy initiatives to diversify the fuel mix, it is becoming increasingly evident that coal will continue to occupy centre-stage of India's energy scenario due to the limited

reserve potentiality of petroleum & natural gas, eco-conservation restriction on hydel project and geo-political perception of nuclear power. Based on estimates, the consumption of coal is projected to rise by nearly 40 percent over the next five years and almost to double by 2020. Introduction of energy efficient, climate-friendly and less fuel consuming technologies like thermal sets with Supercritical parameters, UHV Transmission systems, FACTS, Smart Grid etc, augur well for responding to the challenges associated with the sector. Initiatives are underway in development of IGCC and Advanced Ultra Supercritical technology seeking to reduce carbon footprint in Generation of Power. Renewable power is likely to contribute significantly towards incremental capacity addition with cumulative target of 20 GW from Solar Energy and 54 GW from Wind, Small Hydro Plants (SHP) & Biomass by the year 2022.

The survival of the domestic electrical and power equipment sector is closely linked to timely finalization of infrastructure projects and addressing the issues of non-level playing field vis-à-vis imports. India's investment cycle is inextricably linked to the power cycle, as 30% of country's capital formation is determined by the power sector. The key problems hindering the growth of the power sector are land, fuel, environment & forest clearances and investments besides security issues. Other challenges like skill deficit, constrained availability of critical raw materials and infrastructure constraints are critical to give a boost to domestic production of Power & Heavy Electrical equipment. Capacity imbalances particularly in Balance of Plant areas have emerged as one of the main impediments for realizing the capacity addition targets of the sector. The Cabinet decision to impose duty on import of power equipment has addressed the disadvantages of around 5% only, while a gap of about 9% still remains.

A welcome step in promoting growth has been the clearance accorded by Cabinet Committee on Investments, a high level panel constituted by Union Cabinet, to 13 infrastructure projects involving investments worth ₹ 33,000 Crore. The

financial re-structuring of State Discoms initiated by Union Government is another important step to alleviate the woes of debt starved distribution companies owned by State Governments. Another significant step is the decision of CERC addressing the unprecedented increase in the price of imported coal through compensation packages to the power project developers on case to case basis. In a nutshell actions like policy interventions, debt restructuring initiative, tariff hikes taken by the Government are indications of recovery after having gone through a tough time over the last couple of years.

Industry Sector

Depressing growth of world economy and its contagion effect has taken sheen out of Indian Industry leading to a semblance of stagnation in industrial production. The industrial sector exhibited signs of slowdown during 2012-13 mainly on account of sharp deceleration in capital and intermediate goods, mining and manufacturing. Significantly Transmission and Distribution market shrank by 9-10%, first time in the last decade. A raft of issues plaguing the growth of all sectors of Industry be it Transportation, Electrical Equipment, Defence Products include low R&D Investment, Commoditization of the products, lack of operational efficiency coupled with incursion of Low Cost Substitute from Foreign Suppliers. This opens up opportunities to enhance cost competitiveness, increase supply chain agility, explore technology tie-up and look outward for sustainable growth. As substantial manufacturing capacity in the industry being under utilised due to delayed conversion of orders triggered by subdued consumption demand, capital investments in expansion of facilities in industries are not taking place. This further leads to reduction in employment, less consumption of raw materials & commodities and intermediary goods as well as subdued growth of Service Sector.

Increased capex in Metro, Rolling Stock and Dedicated Freight Corridor is likely to drive strong demand. Another demand driver is Ultra High voltage segment where 12th Plan has accorded more thrust and given that there are very few

players, opportunity is definitely going to improve for manufacturers of Heavy Electrical equipment. With recent initiatives of Government to boost infrastructure projects, there is a sense of recovery in public spending in segments like Hydrocarbon, Energy, Roads, Railways etc, albeit slow, during medium to long term. With renewed focus on non-conventional energy, offerings in renewable would gain momentum. Acute drought situation coupled with regulatory interventions has compelled municipal authorities to move to water recycling and water treatment driving demand growth.

M. POSITIONING FOR THE FUTURE

- Power sector will continue to remain major contributor in our top line with transportation and transmission emerging as next big business verticals. Strategies are in place to strengthen our presence in Nuclear, Renewable and Water segments.
- Company has adopted its Strategic Plan 2012-17. The plan attempts to steer the company towards becoming a global engineering enterprise. Key drivers of our success are-expanding our offerings in Power Sector by building EPC capability, focus on industry businesses, expansion of spares & services and adoption of collaborative approach.
- The company is continuously sharpening its focus on '6-Point' priority areas for action viz. Capability Enhancement, Accelerated Project Execution, Product Cost Competitiveness & Quality, Diversification, Engineering & Technology and People Development aligned with its Strategic Plan initiatives to sustain its leadership position in its areas of operations.
- Efforts are being made to make supply chain agile and accelerate project execution, sustained focus on Vendor Base Expansion, Scaling up procurement through technology initiatives, Advanced Manufacturing Action, Global Sourcing etc.
- Developing lower rating sets with supercritical parameters providing alternatives to the Utilities to take advantage of this eco-friendly technology even in lower rating sets.

- In order to meet burgeoning demand for energy, IEP has identified Nuclear Energy based power generation as a viable option. Increased scope by offering products beyond conventional island in Nuclear business is under way.
- BHEL's collaborative initiatives to address the growing demand potential in Railway Transportation including Metro & Suburban Railways include initiative with Indian Railways for setting up a greenfield Mainline Electrical Multiple Unit (MEMU) Coach factory in Rajasthan.
- Considering the National Action Plan on Climate Change targeting 15% of electricity generation from renewables by 2020, BHEL is looking towards expanding its capacity to manufacture photo voltaic modules & cells.
- As a part of structure driven strategic initiatives to expand offerings in Renovation and Modernisation of Power Plants, R&M systems group (RMSG) has been constituted.
- In a bid to address the aspirations of the company to become a preeminent supplier of Industrial Boiler, Nuclear Steam Generator & supplier of equipment for process Industries, merger of BHPV, as a 100% subsidiary of BHEL, is under way. In a bid to make headway in new product areas like Alternators for Traction Applications etc., facilities of BHEL-EML, a Joint venture of BHEL and Kerala Govt., are being leveraged.
- 'Engineering and Technology' is our strength. To uphold our reputation for excellence in our core capability, we will continue to upgrade existing products to contemporary levels and develop new products through continuous in-house efforts as well as through acquisition of new technologies.

N. RISKS AND CONCERNS

The recovery from global economic recession is still shrouded with uncertainty as there is no let up in the sovereign debt crisis in euro zone resulting in general loss of confidence. The environment in euro area further deteriorated due to the effects of bank deleveraging on the real economy. Because of the problems in Europe compounded by Fiscal Cliff in US (in terms tax increase &

spending cuts), the business activities remained disappointing since 2011. The World GDP growth is projected to contract by 0.2% in Fiscal 2013 against earlier forecast of around 3% (IMF report April 2013), despite the corrective measures taken by European banks, easing of fiscal tightening in US and continued fiscal stimulus maintained by Government of Japan to boost demand. The slowdown in the emerging market and developing economies continues since 2012 due to sharp deceleration in demand from key advanced economies coupled with domestic policy tightening, slow pace of resolution of regulatory issues, and subdued investment sentiments. In a nutshell, Macroeconomic scenario is entrenched in the risks of Eurozone crisis, US sequestration, slowing demand in emerging markets and lowering appetite for capital investment worldwide leading to continuation of stagnated growth in the short to medium term.

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 reputed international players/suppliers of power equipment proactively making foray into India as target market. Suppliers from the countries like China have already made substantial foothold in Power Equipment supplies taking advantage of reduced import duty and funding through ECB route besides the concessions provided by their Government to boost exports. 12th Plan coal and gas based power capacity addition plans have been scaled down due to vagaries associated with fuel linkages. Apart from fuel unavailability, the other constraints for the project developments are clearance issues and high cost of investment leading to under-utilisation of already ramped up manufacturing capacities rendering a very challenging situation for BHEL's growth prospects. The situation is further aggravated by poor logistics associated with transportation affecting delivery.

A combination of global competition and lackluster demand in international market coupled with subdued consumption demand in the domestic market are going to weigh heavily on the domestic

industry escalating the competitive intensity. Unforeseen rise in raw material prices, especially steel and copper, due to depreciating currency could also impact margins. Further, prevailing non-tariff restrictions imposed by some countries lead to competitive disadvantage in export of Capital Goods.

Energy security and climate change are the twin causes of mounting worries surrounding environmental sustainability world over. 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. With assimilation of eco-friendly technologies and building on capabilities

to harness alternative sources of energy, the Indian market is moving steadily towards ensuring that the equipment match the requirements of energy security. The domestic power sector has other concerns like limited number and capacity/capability of balance of plant vendors in the country, lack of competent/qualified construction contractors for taking up large size power projects, shortage of skilled manpower and 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 and international levels 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 : August 3, 2013

Annexure – A

Annual Statement Showing the Representation of SCs, STs and OBCs as on 01/01/2013 and No. of appointments made during the preceding calendar year

	Representation of SCs/STs/OBCs (As on 01/01/2013)				No. of appointments made during the calendar year									
					By Direct Recruitment				By Promotion*			By Deputation/ Absorption		
Groups	Total No. of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	14572	2336	945	2723	1112	163	83	334						
Group B	9926	1655	284	939	1	1	0	0						
Group C	23525	5383	1566	8327	2925	601	156	989						
Group D (Excl. SW)	702	174	20	238	97	23	2	69						
Group D (SW)	151	133	2	1	0	0	0	0						
Total	48876	9681	2817	12228	4135	788	241	1392	0	0	0	0	0	0

*In BHEL, no appointments are made at induction level by promotion

Annexure – B

Representation of the persons with disabilities as on 01/01/2013

Group	Number of Employees (Representation)				Direct Recruitment (During the calendar year 2012)								Promotion*							
	(As on 01/01/2013)				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	14572	3	15	176	4	12	18	1112			34									
Group B	9926	10	14	147				1												
Group C	23525	31	37	485	13	31	52	2925	1	4	85									
Group D	853	1	3	8		1	2	97												
Total	48876	45	69	816	17	44	72	4135	1	4	119									

- 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 Directors

Ms. Kusumjit Sidhu

Ms. Kusumjit Sidhu, aged 57 years, was inducted as Part-time Official Director on the Board of BHEL w.e.f. 10th May, 2013. Ms. Sidhu, an IAS Officer of 1979 batch, is presently posted as the Additional Secretary & Financial Adviser, in the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. She is also holding the charge of Financial Adviser of Ministry of Heavy Industries & Public Enterprises, Ministry of Micro, Small & Medium Enterprises.

Ms. Sidhu is post graduate in History and has rich and diversified experience of working in senior positions, both at Central and State levels. During her career spanning over 30 years, she has served in responsible positions in various Government departments like Irrigation, Water Resources, Power, Tourism, Higher Education & Languages, Planning, Personnel etc. Prior to joining as Additional Secretary & Financial Adviser, Department of Industrial Policy and Promotion, she held the charge of Chief Electoral Officer and Principal Secretary of Elections Department, Government of Punjab.

Presently, she is also serving as Part-time Official Director of HMT Limited, Bangalore and Heavy Engineering Corporation Limited, Ranchi.

Ms. Sidhu does not hold any share of BHEL.

Functional Directors

Shri Atul Saraya

Shri Atul Saraya, aged 59 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 37 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 Part-time Chairman of Raichur Power Corporation Ltd. [a Joint Venture Company (JVC) of BHEL & Karnataka Power Corp. Ltd.] and Part-time Director on the Board 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 76% 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 1000 equity shares of BHEL.

Shri P.K. Bajpai

Shri P.K. Bajpai, aged 58 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 ACMA from the Institute of Cost Accountants of India.

Shri Bajpai joined BHEL in the year 1977 and has more than 36 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.

Shri Bajpai is currently a Part-time Chairman on the Board of Latur Power Company Limited.

Shri Bajpai does not hold any shares of BHEL.

Shri W.V.K. Krishna Shankar

Shri W.V.K. Krishna Shankar, aged 58 years, has been inducted as Director (Industrial Systems & Products) by the President of India w.e.f 1st Aug, 2013. He is a Mechanical Engineer from University Visveswarayya College of Engineering, Bangalore University and has a Diploma in Management. He has undergone training in Corporate Planning at IMI (now IMD), Geneva, Switzerland. During a career spanning 36 years with Bharat Heavy Electricals Limited, he handled a variety of assignments in strategic as well as operational areas in various capacities and functions. He was elevated to the position of Executive Director in July 2010.

Having started his career in BHEL at Tiruchirappalli in 1977, he actively participated in project planning, scheduling and monitoring activities related to the setting up of Seamless Steel Tube Plant of BHEL at Tiruchirappalli. After commissioning of the plant, he was moved to Corporate Office of BHEL where he designed and implemented project monitoring systems at corporate level for two large investment schemes of BHEL, viz. Phase-III expansion of the Boiler Plant (4000 MW) at Tiruchirappalli and establishment of a Boiler Auxiliaries Plant at a green field site in Ranipet. He was also closely associated at Corporate Level in the evolution & design of 'Product Manager' based organization structures for implementation across various units of BHEL.

During 1998 to 2004, as part of Industry Business Sector, he played a key role in marketing of Pulverized fuel based Captive Power Plants, DG Power Plants and Defence Products & Systems.

He has also worked with the National Manufacturing Competitiveness Council (NMCC) formed by the Government of India as a forum at the highest level for policy dialogue to energize & sustain manufacturing in India. He was associated with the drafting of the 'National Strategy for Manufacturing' in March 2006 as well as the recommendations forming a part of the 'Report of Prime Minister's Group on Measures for ensuring sustained growth of the Indian Manufacturing Sector' in Sep 2008.

He has been involved in drawing up five Corporate Plans for the company starting with the 'Corporate Plan for the 80s'. As Executive Director (Corporate Planning & Development), Shri Krishna Shankar led the exercise in creating a new vision, mission and values for the company in 2010-11 by carrying out a unique experiment of capturing the imagination of younger generation. The company's new 'Strategic Plan 2012-17' piloted by him to enable BHEL realize a revenue target of ₹ 1,00,000 Crore by 2016-17, lays emphasis on building eight business verticals of BHEL, viz. Utility Power Plant Business; Spares & Services Business; Captive Power Plant Business; Transmission Business; Transportation Business; Industrial Products & Defence; Renewable Energy Business; and Water Business.

He has successfully handled the Investor Relations portfolio for five years. He has represented BHEL at several interactive forums in Canada, France, Germany, Italy, Singapore, Switzerland, UK and USA. As Secretary of the Management Committee of BHEL – top most policy making body in the company as well as the Secretary of the Committee of Functional Directors, Mr. Krishna Shankar was closely associated with the short term and long terms aspects of the company operations. He is an invited member on the CII-Capital Goods committee and FICCI-Capital Goods committee and is also the BHEL Nominee Director on the Board of Dada Dhuniwale Khandwa Power Limited (2x800 MW Joint Venture of BHEL & MPPGCL).

Having been appointed as the Chief Risk Officer of the company in January 2013, he spearheaded the implementation of Enterprise Risk Management across the entire organization.

Shri Krishna Shankar is holding 100 equity shares of BHEL.

Corporate Governance

1. Our Philosophy on Corporate Governance

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

The Vision of BHEL envisages "being a global engineering enterprise providing solutions for a better tomorrow" and its Mission is "Providing sustainable business solutions in the fields of Energy, Industry & Infrastructure".

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

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

Annexure – III to the Directors' Report

- vi) Achievement of above goals with compassion for people and environment

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

2. Board of Directors

i. Composition & Category of Directors

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

The Board of Directors of BHEL 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:

Particulars	Board Structure	Actual Strength as on 31.03.2013
Chairman & Managing Director	1	1
Whole-time Executive (Functional) Directors	5	5
Part-time Official Directors (Government Nominees) representing the Ministry of Heavy Industries & Public Enterprises, Government of India	2	1
Part-time Non-official (Independent) Directors	8	2
Total	16	9

As on 31st March, 2013, there existed six vacancies of Part-time Non-official (Independent) Directors and one vacancy of Part-time Official Director (Government Nominee) on the Board of BHEL. Further, Ms. Kusumjit Sidhu, AS & FA, DIPP, Ministry of Commerce & Industry, has been appointed as Part-time Official Director (Government Nominee) on the Board of BHEL w.e.f. 10.05.2013. The matter of filling up of other vacancies is under consideration of Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, Government of India.

ii. Attendance of each Director at the Board Meetings held during 2012-13 and the last AGM

Director's Name S/Shri	No. of Board Meetings		Last AGM (held on 19.09.2012)
	Held	Attended	
EXECUTIVE DIRECTORS			
B. Prasada Rao Chairman & Managing Director	8	8	Yes
Atul Saraya Director (Power)	8	8	Yes
O.P. Bhutani Director (E,R&D)	8	8	Yes
M.K. Dube Director (IS&P)	8	8	Yes
P.K. Bajpai Director (Finance)	8	8	Yes
R. Krishnan Director (HR)	8	8	Yes
PART-TIME OFFICIAL DIRECTORS – GOVT. NOMINEES			
Ambuj Sharma Joint Secretary, Department of Heavy Industry	8	8	Yes
V.S. Madan Additional Secretary & Financial Adviser, Department of Industrial Policy and Promotion, Ministry of Commerce & Industry (w.e.f. 19.07.2012) (upto 22.03.2013)	5	3	Yes
Saurabh Chandra* Additional Secretary & Financial Adviser, Department of Industrial Policy and Promotion, Ministry of Commerce & Industry (upto 17.04.2012)	1	-	-
PART-TIME NON-OFFICIAL (INDEPENDENT) DIRECTORS			
Ashok Kumar Basu* (upto 21.06.2012)	2	2	-
M.A. Pathan* (upto 21.06.2012)	2	2	-
Smt. Reva Nayyar* (upto 21.06.2012)	2	1	-
V.K. Jairath (upto 11.11.2012)	4	3	Yes
S. Ravi	8	8	Yes
Trimbakdas S. Zanwar	8	8	Yes

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

iii. Number of other Boards or Board Committees* in which Director of BHEL is a member or Chairman as on 31st March, 2013

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 & Vessels Ltd.	-NIL-
Atul Saraya Director (Power)	1. NTPC-BHEL Power Projects Pvt. Ltd. 2. Raichur Power Corporation Ltd.	-NIL-
O.P. Bhutani Director (E,R&D)	Latur Power Company Ltd.	-NIL-
M.K. Dube Director (IS&P)	Dada Dhuniwale Khandwa Power Ltd.	-NIL-
P.K. Bajpai Director (Finance)	Latur Power Company Ltd.	Audit Committee: Latur Power Company Ltd. (Chairman)
R. Krishnan Director (HR)	Latur Power Company Ltd.	-NIL-
Ambuj Sharma Part-time Official Director	Hindustan Paper Corporation Ltd.	-NIL-
Trimbakdas S. Zanwar Part-time Non-official Director	Shree Saibaba Sugars Ltd.	-NIL-
S. Ravi Part-time Non-official Director	1. Mahindra Ugine Steel Co. Ltd. 2. IDBI Capital Markets Services Ltd. 3. UTI Trustee Company Pvt. Ltd. 4. LIC Housing Finance Ltd. 5. S Ravi Financial Management Services Pvt. Ltd. 6. Religare Housing Development Finance Corporation Ltd. 7. GMR Chennai Outer Ring Road Pvt. Ltd. 8. Canbank Venture Capital Fund Ltd. 9. SME Rating Agency of India Ltd. 10. SBI – SG Global Securities Services Pvt. Ltd. 11. IDBI Bank Ltd.	Audit Committee: 1. Mahindra Ugine Steel Co. Ltd. (Member) 2. IDBI Capital Markets Services Ltd. (Chairman) 3. LIC Housing Finance Ltd. (Chairman) 4. Religare Housing Development Finance Corporation Ltd. (Member) 5. SME Rating Agency of India Ltd. (Member) 6. IDBI Bank Ltd. (Member) Shareholders'/Investors' Grievance Committee: 1. Mahindra Ugine Steel Co. Ltd. (Member) 2. LIC Housing Finance Ltd. (Member) 3. IDBI Bank Ltd. (Chairman)

*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 eight times on the following dates:

- | | |
|------------------------|-----------------------|
| (i) April 3, 2012 | (ii) May 23, 2012 |
| (iii) July 26, 2012 | (iv) October 29, 2012 |
| (v) November 12, 2012 | (vi) December 6, 2012 |
| (vii) February 1, 2013 | (viii) March 22, 2013 |

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, Committee on Mergers & Acquisitions, Remuneration Committee on PRP, HR Committee,

CSR & SD Committee and Nomination 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 and Sustainable Development for CPSEs, the Board constituted the "Board Level Committee for Corporate Social Responsibility (CSR) & Sustainable Development (SD)" for proper and periodic monitoring of CSR activities and oversee Sustainable Development activities. In line with DPE OM dated 28.12.2012 on Model Role & Responsibilities of Non-Official Directors for CPSEs, a meeting of Independent Directors also took place on 31.01.2013 with Shri S. Ravi as Chairman & Lead Independent Director. The minutes of all the 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 the 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 Adviser, 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 and 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. In line with MOU 2011-12 signed with DHI, the said Code was revised in line with changes in the regulatory framework & changing business dynamics and to incorporate other relevant provisions to strengthen the Code.

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 revised 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. Terms of reference (31.03.2013)

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 statements are 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 & Chairperson and Attendance :

The Audit Committee comprises of a majority of Independent Directors as mandated by the Listing Agreement. Further, the Committee is chaired by an Independent Director. 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 16th July, 2012. The Committee comprises of the following directors:

Name of the Director S/ Shri	Position	No. of Meetings held during their tenure	No. of Meetings Attended
S. Ravi (Part-time Non-official Director)	Chairman	8	8
Ambuj Sharma (Part-time Official Director)	Member	8	8
Trimbakdas S. Zanwar (Part-time Non-official Director)	Member (w.e.f. 16.07.2012)	5	5
M.A. Pathan (Part-time Non-official Director) (upto 21.06.2012)	Member	3	3
Smt. Reva Nayyar (Part-time Non-official Director) (upto 21.06.2012)	Member	3	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 2012-13

The Audit Committee met eight times on 3rd April, 2012, 23rd May, 2012, 15th & 16th June, 2012, 26th July, 2012, 8th October, 2012, 29th October, 2012, 1st February, 2013 and 1st & 2nd March, 2013 during the year 2012-13. The details of the attendance of each member is given in the above table.

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

- Oversight of the company's policy on specific remuneration packages, perquisites for Whole-time Directors including pension rights and any compensation payment, which are not fixed by the President of India.
- Approve certain perquisites for Whole-time Directors which are within the powers of Board. Review of the elements of remuneration package of individual directors summarized under major groups, such as incentives/benefits, bonus, stock options, pension etc.
- Finalization of policies on perks and benefits and other related matters which are not fixed by the President of India but within the powers of Board.
- Approval of fixed component and performance linked incentives based on the performance criteria.
- Finalization of the criteria of making payments to Non-Executive Directors.
- 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.
- Carrying out any other function related to the terms of reference of the Remuneration Committee.

iii. Composition, names of members & Chairperson

The Remuneration Committee was last reconstituted on 6th December, 2012. The Committee comprises of the following directors:

Name of the Director S/Shri	Position
Trimbakdas S. Zanwar (Part-time Non-official Director)	Chairman (w.e.f. 06.12.2012)
	Member (w.e.f. 16.07.2012)
V.K. Jairath (Part-time Non-official Director) (upto 11.11.2012)	Chairman (w.e.f. 16.07.2012)
Ashok Kumar Basu (Part-time Non-official Director) (upto 21.06.2012)	Chairman
Ambuj Sharma (Part-time Official Director)	Member (w.e.f. 06.12.2012)
S. Ravi (Part-time Non-official Director)	Member
Smt. Reva Nayyar (Part-time Non-official Director) (upto 21.06.2012)	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 2012-13 are given below:-

(in ₹)

Sl. No.	Name of the Director S/Shri	Salary	Benefits	Performance Linked Incentives	Total	Service Contract/ Notice Period Severance Fee
1.	B. Prasada Rao	2427534	1043071	2056560	5527165	--
2.	Atul Saraya	2175558	878718	1411380	4465656	Liable to retire by rotation
3.	O.P. Bhutani	2166761	688550	1401839	4257151	Liable to retire by rotation
4.	M.K. Dube	2120128	615021	1258409	3993558	Liable to retire by rotation
5.	P.K. Bajpai	2403944	373046	1203474	3980464	Liable to retire by rotation
6.	R. Krishnan	1954065	720020	613843	3287928	Liable to retire by rotation

vi. Details of payments made to Independent Directors during the year 2012-13 are given below:-

(in ₹)

Name of the Independent Directors S/Shri	Sitting Fees		Total
	Board Meeting	Committee Meeting	
Ashok Kumar Basu (upto 21.06.2012)	40,000/-	15,000/-	55,000/-
M.A. Pathan (upto 21.06.2012)	40,000/-	60,000/-	1,00,000/-
Smt. Reva Nayyar (upto 21.06.2012)	20,000/-	60,000/-	80,000/-
V.K. Jairath (upto 11.11.2012)	60,000/-	1,50,000/-	2,10,000/-
S. Ravi	1,60,000/-	2,85,000/-	4,45,000/-
Trimbakdas S. Zanwar	1,60,000/-	1,95,000/-	3,55,000/-

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, 2013):

Name of the Director S/Shri	No. of shares held
B. Prasada Rao	2000
Atul Saraya	1000
M.K. Dube	100

The Company has not issued any stock options during the year 2012-13.

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 2012-13

The Share Transfer Committee met 40 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, name of members & Chairperson

The Shareholders'/Investors' Grievance Committee was last reconstituted on 6th December, 2012. The Committee comprises of the following directors:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings Attended
S. Ravi (Part-time Non-official Director)	Chairman (w.e.f. 06.12.2012) (upto 23.03.2013)	1	1
V.K. Jairath (Part-time Non-official Director) (upto 11.11.2012)	Chairman (w.e.f. 16.07.2012)	2	2
Smt. Reva Nayyar (Part-time Non-official Director) (upto 21.06.2012)	Chairperson	1	1
Director (Finance)	Member	4	4
Director (HR)	Member	4	4

Company Secretary shall act as its Secretary.

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

iii. Meetings and Attendance

The Committee met four times on 22nd May, 2012, 25th July, 2012, 30th October, 2012 and 31st January, 2013 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, 1048 complaints were received from the shareholders during the year under review and all complaints were redressed up to 31st March, 2013. No complaint was pending at the end of the period under report.

6. HR Committee

i. Terms of Reference

The Board constituted the 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.

ii. Composition of Committee, name of members & Chairperson

The HR Committee was last reconstituted on 16th July, 2012. The Committee comprises of the following directors:

Name of the Director S/Shri	Position
Trimbakdas S. Zanwar (Part-time Non-official Director)	Chairman (w.e.f. 16.07.2012)
Smt. Reva Nayyar (Part-time Non-official Director) (upto 21.06.2012)	Chairperson
Ambuj Sharma (Part-time Official Director)	Member
S. Ravi (Part-time Non-official Director)	Member (w.e.f. 16.07.2012)
M.A. Pathan (Part-time Non-official Director) (upto 21.06.2012)	Member
Director (Finance)	Member
Director (HR)	Member

Company Secretary shall act as its Secretary.

iii. Meetings and Attendance

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

7. Committee on Mergers & Acquisitions

i. Terms of Reference

The Board constituted the 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 of Committee, name of members & Chairperson

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	1	1
S. Ravi (Part-time Non-official Director)	Member	1	1
V.K. Jairath (Part-time Non-official Director) (upto 11.11.2012)	Member	1	1
Director (Power)	Member	1	1
Director (E,R&D)	Member	1	1
Director (IS&P)	Member	1	1
Director (Finance)	Member	1	1

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 once on 22nd May, 2012 during the year under review. The details of the attendance of each member is given in the above table.

8. Project Review Committee

i. Terms of Reference

The Board constituted the 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 of Committee, name of members & Chairperson

The Committee was last reconstituted on 6th December, 2012. The Committee comprises of the following directors:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
S. Ravi (Part-time Non-official Director)	Chairman (w.e.f. 06.12.2012) Member (w.e.f. 16.07.2012)	1 2	1 2
V.K. Jairath (Part-time Non-official Director) (upto 11.11.2012)	Chairman (w.e.f. 16.07.2012) Member	2 1	2 1
M.A. Pathan (Part-time Non-official Director) (upto 21.06.2012)	Chairman	1	1
Ambuj Sharma (Part-time Official Director)	Member (w.e.f. 06.12.2012)	1	1
Ashok Kumar Basu (Part-time Non-official Director) (upto 21.06.2012)	Member	1	1
Director (Power)	Member	4	4
Director (IS & P)	Member	4	4

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 23rd May, 2012, 19th September, 2012, 29th October, 2012 and 31st January, 2013 during the year under review. The details of the attendance of each member is given in the above table.

9. Remuneration Committee on Performance Related Pay

i. Terms of Reference

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.

ii. Composition of Committee, name of members & Chairperson

The Committee was last reconstituted on 6th December, 2012. The Committee comprises of the following directors:

Name of the Director S/Shri	Position	No. of Meetings held during their tenure	No. of Meetings attended
S. Ravi (Part-time Non-official Director)	Chairman (w.e.f. 16.07.2012) Member	1 -	- -
Smt. Reva Nayyar (Part-time Non-official Director) (upto 21.06.2012)	Chairperson	-	-
Ambuj Sharma (Part-time Official Director)	Member (w.e.f. 06.12.2012)	-	-
Trimbakdas S. Zanwar (Part-time Non-official Director)	Member (w.e.f. 16.07.2012)	1	1
V.K. Jairath (Part-time Non-official Director) (upto 11.11.2012)	Member*	1	1

*Shri V.K. Jairath was elected Chairman of the meeting.

Director (HR) will be the permanent invitee.

iii. Meetings and Attendance

The Committee met once during the year on 30th October, 2012. The details of the attendance of each member is given in the above table.

10. Board Level Committee for Corporate Social Responsibility & Sustainable Development

i. Terms of Reference

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. Further, in terms of DPE Guidelines on Sustainable Development, the Board of Directors mandated that the Committee will also oversee Sustainable Development activities. Accordingly, the said Committee was re-designated as "Board Level Committee for Corporate Social Responsibility (CSR) & Sustainable Development (SD)".

ii. Composition of Committee, name of members & Chairperson

The Committee was last reconstituted on 1st February, 2013. 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
Trimbakdas S. Zanwar (Part-time Non-official Director)	Chairman (w.e.f. 16.07.2012)	6	6
	Member	1	1
Smt. Reva Nayyar (Part-time Non-official Director) (upto 21.06.2012)	Chairperson	1	1
Ambuj Sharma (Part-time Official Director)	Member (w.e.f. 01.02.2013)	1	1
S. Ravi (Part-time Non-official Director)	Member (w.e.f. 16.07.2012)	6	6
V.K. Jairath (Part-time Non-official Director) (upto 11.11.2012)	Member	4	3
Director (Finance)	Member	7	7
Director (HR)	Member	7	7

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

iii. Meetings and Attendance

The Committee met seven times during the year on 22nd May, 2012, 25th July, 2012, 18th September, 2012, 29th October, 2012, 2nd January, 2013, 31st January, 2013 and 22nd March, 2013. The details of the attendance of each member is given in the above table.

11. Board Level Nomination Committee

i. Terms of Reference

The Board constituted the Nomination Committee on 22nd March, 2013 to recommend to the Board nomination of BHEL officials in the Boards of its subsidiaries and other government organizations which are required to be approved by the Board of BHEL before further submission to DHI.

ii. Composition of Committee, name of Members & Chairperson

The Committee comprises of the following Directors:

Name of the Director S/Shri	Position
S. Ravi (Part-time Non-official Director)	Chairman
Director (E,R&D)	Member
Director (Finance)	Member
Director (HR)	Member

Head/HR shall be the permanent invitee. Company Secretary of the Company shall act as Secretary to the Committee.

iii. Meetings and Attendance

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

12. General Meetings

i. Location and time of last three AGMs:

Year	Location	Date	Time
FY 2009-10 (46 th AGM)	FICCI Auditorium, Barakhamba Road (Tansen Marg), New Delhi-110001	17 th September, 2010	10.00 a.m.
FY 2010-11 (47 th AGM)	Talkatora Indoor Stadium, Talkatora Garden, New Delhi-110001	20 th September, 2011	10.00 a.m.
FY 2011-12 (48 th AGM)	FICCI Auditorium, Barakhamba Road (Tansen Marg), New Delhi-110001	19 th September, 2012	10.00 a.m.

ii. Details of Special Resolutions passed in previous three AGMs

A Special Resolution in respect of Amendment in the Articles of Association (for sub-division of equity shares of ₹ 10/- each into 5 equity shares of ₹ 2/- each) was passed in the 47th Annual General Meeting held on 20.09.2011.

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.

13. 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 Point No.18 of Note 31- Other Notes on Financial Statement 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 at 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.

In line with the DPE guidelines, listing agreement and with the objective of providing the Directors a) insight in to guidelines and procedures for successful discharge of their statutory duties, b) better understanding of the business environment to envision the future and develop strategies and c) need based training to meet the specific requirements of the board members, BHEL Board has approved a policy for Training of Directors. It covers both general and specific trainings more tuned towards company specific areas.

Other non-mandatory requirements would be gradually complied with on need basis by the company.

No expenditure has been debited in books of accounts which is not for the purpose of 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

No Presidential Directive was received during the last three years i.e. 2010-11, 2011-12 & 2012-13.

vi. Risk Management

In pursuance of Clause 49(IV) (C) of the Listing Agreement and Clause 7.3 of the DPE Guidelines on Corporate Governance for CPSEs, BHEL has in place a Board approved Risk Management Charter & Policy (RMCP), laying down procedures to inform Board members about the risk assessment and minimization. The RMCP provides the overall framework for Risk Management (RM) process of the company. The RM process includes Risk identification, Risk assessment, Risk evaluation, categorisation, Risks treatment plan for mitigation of risks and escalation/reporting of risks to Board as per defined process and periodicity and RM governance structure. RMCP also includes mechanism for review of risks and its periodicity.

vii. Auditor's certificate on Corporate Governance

Auditor's certificate on Corporate Governance is enclosed.

14. 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 within 48 hours of conclusion of the Board or Committee meeting at which the financial results were approved in atleast one English daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where

the registered office of the company is situated and also uploaded on the company's website www.bhel.com. The Company is also filing/ submitting information required under Listing Agreement on the new systems viz NSE Electronic Application Processing System or NEAPS and BSE Listing Center developed by NSE and BSE respectively.

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.

In line with Ministry of Corporate Affairs (MCA) Guidelines, BHEL has also uploaded on its website information regarding unpaid/unclaimed dividend as on the date of last AGM containing details of persons entitled to receive the dividend, amount due & due date for transfer into Investor Education Protection Fund (IEPF). The procedure for claiming unpaid/unclaimed dividend by shareholders (in case the same has not been transferred to IEPF) has also been uploaded.

15. General Shareholder Information

i. AGM (Date, Time and Venue)

<u>Date</u>	<u>Time</u>	<u>Venue</u>
20 th September, 2013	10.00 AM	FICCI AUDITORIUM, Barakhamba Road, (Tansen Marg), New Delhi-110 001

ii. **Financial year** - 1st April, 2012 to 31st March, 2013

iii. **Dates of Book Closure** - 11th September, 2013 to 20th September, 2013
(Both days inclusive)

iv. **Dividend payment date** - On or before 19th October, 2013

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 31.03.2013 are summarized as under:

Year	Rate of Dividend	No. of shares (in Crore)	Total Amount of Dividend Paid (₹ in Crore)	Date on which Dividend was declared	Unclaimed Dividend as on 31.03.2013 (₹)
2003-2004 (Interim)	30%	24.476	73.43	01.03.2004*	Already transferred to Investor Education & Protection Fund
2003-2004 (Final)	30%	24.476	73.43	28.09.2004	Already transferred to Investor Education & Protection Fund
2004-2005 (Interim)	35%	24.476	85.67	10.12.2004*	Already transferred to Investor Education & Protection Fund
2004-2005 (Final)	45%	24.476	110.14	29.09.2005	Already transferred to Investor Education & Protection Fund
2005-2006 (Interim)	40%	24.476	97.90	07.12.2005*	Already transferred to Investor Education & Protection Fund

2005-2006 (Spl. Interim)	85%	24.476	208.05	07.03.2006*	549363 (as on 31.3.2013) Subsequently transferred to Investor Education & Protection Fund
2005-2006 (Final)	20%	24.476	48.95	15.09.2006	165716 [#]
2006-2007 (Interim)	125%	24.476	305.95	25.01.2007*	935355 ^{\$}
2006-2007 (Final)	60%	48.952	293.71	17.09.2007	1157808
2007-2008 (Interim)	90%	48.952	440.57	25.01.2008*	1912752
2007-2008 (Final)	62.50%	48.952	305.95	17.09.2008	1822884
2008-2009 (Interim)	90%	48.952	440.57	29.01.2009*	2675466
2008-2009 (Final)	80%	48.952	391.62	17.09.2009	1761688
2009-2010 (Interim)	110%	48.952	538.47	21.01.2010*	2953566
2009-2010 (Final)	123%	48.952	602.11	17.09.2010	2766823
2010-2011 (Interim)	132.50%	48.952	648.62	15.03.2011*	2498727
2010-2011 (Final)	179%	48.952	876.24	20.09.2011	3325748
2011-2012 (Interim)	136%	244.76 [@]	665.75	02.03.2012*	3006197
2011-2012 (Final)	184%	244.76 [@]	900.72	19.09.2012	5123067
2012-2013 (Interim)	106%	244.76 [@]	518.89	01.02.2013*	4551633

* 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 21.10.2013

\$ proposed to be transferred to Investor Education and Protection Fund (IEPF) on 01.03.2014

@ Post-split number of shares of face value of ₹ 2/-

In case a shareholder has not been able to receive dividend for any of the last seven years and which has not yet been transferred to the Investor Education & Protection Fund (IEPF), he /she can claim this unpaid dividend by following the procedure uploaded on the company's website (www.bhel.com).

vi. (a) Listing on Stock Exchanges and Stock Code

BHEL's shares are listed on the following Stock Exchanges for which listing fees for 2012-13 has been paid:

Name of the Stock Exchange	Stock Code
1. Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, 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 - 400051	BHEL

(b) Payment of Annual Custodian Fee to Depositories

The Annual Custodian fee has been paid to NSDL and CDSL for the financial year 2012-13.

vii. Delisting of Equity Shares

BHEL filed necessary application with Calcutta Stock Exchange Association Limited (CSE) for delisting. Final approval from CSE is still awaited, however, "BHEL" Scrip has not been appearing in the list of securities listed on the CSE.

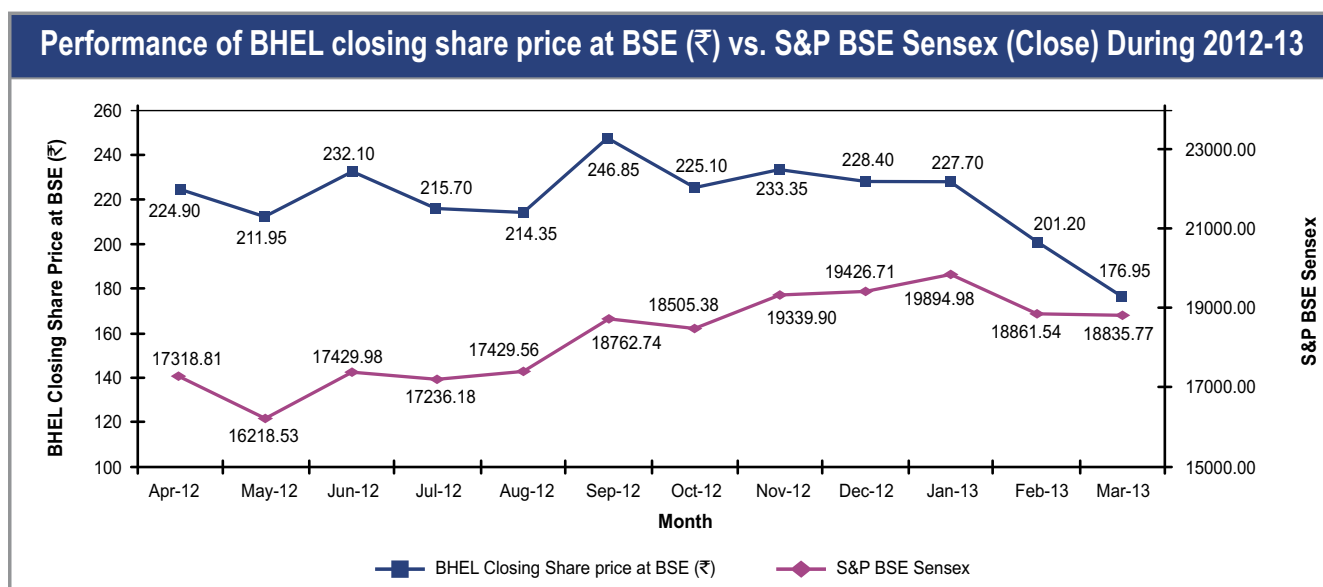
viii. Market Price Data & performance in comparison to broad-based indices such as S&P BSE Sensex, S&P BSE PSU Index and CNX Nifty are as under:-

BHEL Vs. S&P BSE Sensex

High, Low and Closing market price of BHEL shares on the **Bombay Stock Exchange Ltd. (BSE)** vis-à-vis **S&P BSE Sensex**, No. of shares traded and Turnover during each month in last financial year ended March 31, 2013 are summarized as under:

Month	BHEL share prices at BSE (₹)			S&P BSE Sensex			No. of shares traded	Turnover (₹ in Lakh)
	High	Low	Close	High	Low	Close		
Apr-12	274.45	222.00	224.90	17,664.10	17,010.16	17,318.81	16,427,608	41,201.31
May-12	228.90	197.80	211.95	17,432.33	15,809.71	16,218.53	20,292,020	43,483.89
Jun-12	232.90	203.15	232.10	17,448.48	15,748.98	17,429.98	12,972,096	28,388.75
Jul-12	240.00	207.10	215.70	17,631.19	16,598.48	17,236.18	10,431,694	23,566.91
Aug-12	235.50	211.50	214.35	17,972.54	17,026.97	17,429.56	7,045,005	15,947.65
Sep-12	255.80	195.05	246.85	18,869.94	17,250.80	18,762.74	19,812,997	44,143.49
Oct-12	272.45	222.35	225.10	19,137.29	18,393.42	18,505.38	14,775,373	36,523.56
Nov-12	239.50	219.30	233.35	19,372.70	18,255.69	19,339.90	6,713,444	15,350.80
Dec-12	247.50	220.40	228.40	19,612.18	19,149.03	19,426.71	8,164,532	19,008.61
Jan-13	245.40	221.05	227.70	20,203.66	19,508.93	19,894.98	9,392,723	21,777.86
Feb-13	229.95	200.00	201.20	19,966.69	18,793.97	18,861.54	10,283,832	21,760.05
Mar-13	208.70	174.50	176.95	19,754.66	18,568.43	18,835.77	8,729,498	16,807.35

Source : www.bseindia.com

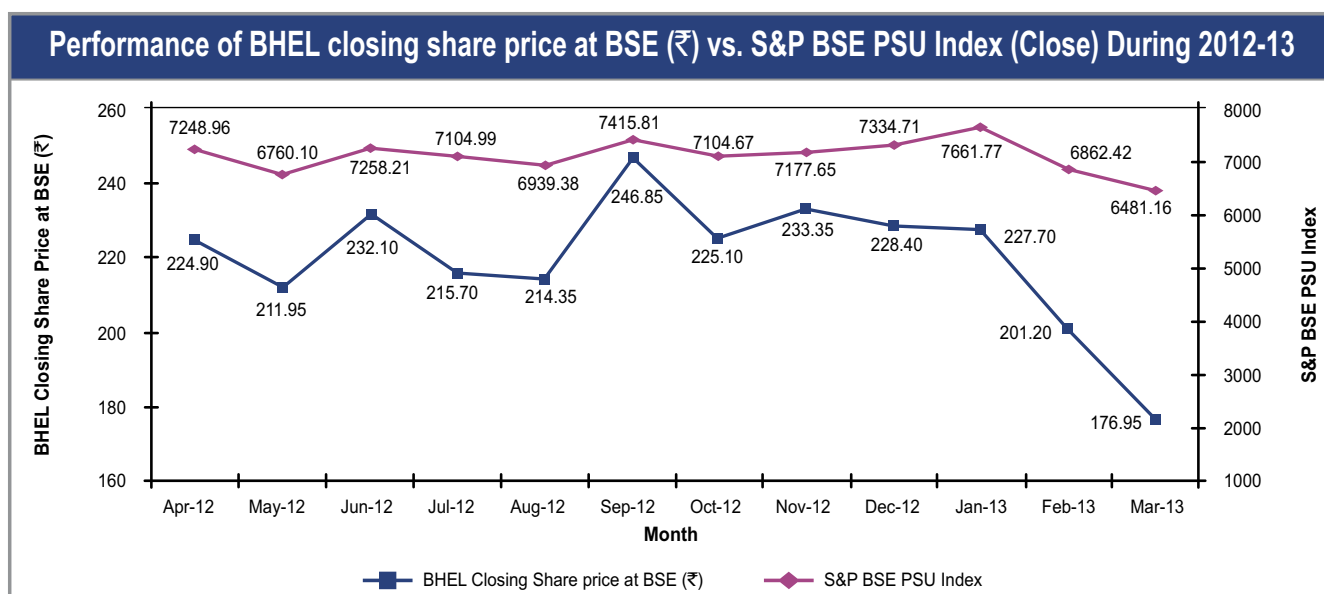


BHEL Vs. S&P BSE PSU Index

High, Low and Closing market price of BHEL shares on the **Bombay Stock Exchange Limited (BSE)** vis-à-vis **S&P BSE PSU Index**, during each month in last financial year ended March 31, 2013 are summarized as under:

Month	BHEL share prices at BSE (₹)			S&P BSE PSU Index		
	High	Low	Close	High	Low	Close
Apr-12	274.45	222.00	224.90	7,534.35	7,070.71	7,248.96
May-12	228.90	197.80	211.95	7,283.79	6,517.30	6,760.10
Jun-12	232.90	203.15	232.10	7,265.80	6,574.35	7,258.21
Jul-12	240.00	207.10	215.70	7,422.80	6,911.98	7,104.99
Aug-12	235.50	211.50	214.35	7,263.09	6,892.19	6,939.38
Sep-12	255.80	195.05	246.85	7,544.38	6,885.34	7,415.81
Oct-12	272.45	222.35	225.10	7,598.65	7,053.66	7,104.67
Nov-12	239.50	219.30	233.35	7,321.62	6,957.62	7,177.65
Dec-12	247.50	220.40	228.40	7,354.91	7,079.20	7,334.71
Jan-13	245.40	221.05	227.70	7,945.26	7,359.54	7,661.77
Feb-13	229.95	200.00	201.20	7,699.10	6,835.71	6,862.42
Mar-13	208.70	174.50	176.95	7,043.80	6,338.18	6,481.16

Source : www.bseindia.com



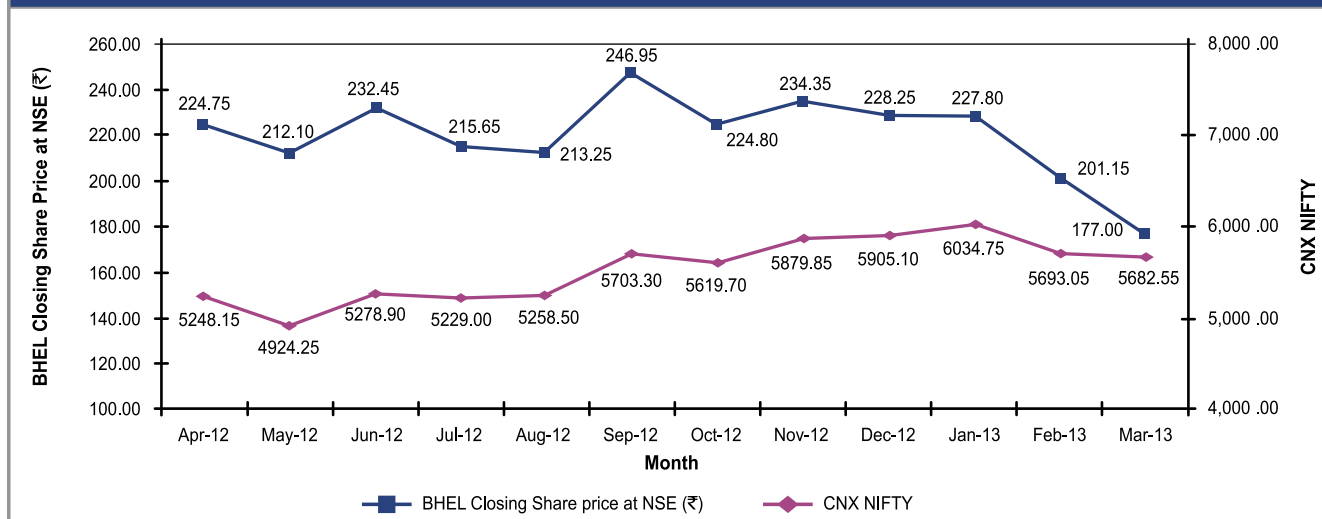
BHEL Vs. CNX Nifty

High, Low and Closing market price of BHEL shares on the **National Stock Exchange of India Limited (NSE)** vis-à-vis **CNX Nifty**, No. of shares traded and Turnover, during each month in last financial year ended March 31, 2013 are summarized as under:

Month	BHEL share prices at NSE (₹)			CNX Nifty			No. of shares traded	Turnover (₹ in Lakh)
	High	Low	Close	High	Low	Close		
Apr-12	274.50	222.30	224.75	5,378.75	5,154.30	5,248.15	113,791,646	2,85,893.44
May-12	228.70	197.35	212.10	5,279.60	4,788.95	4,924.25	135,145,181	2,89,794.24
Jun-12	233.00	203.10	232.45	5,286.25	4,770.35	5,278.90	96,882,442	2,11,938.62
Jul-12	239.90	206.60	215.65	5,348.55	5,032.40	5,229.00	71,965,840	1,62,990.52
Aug-12	235.55	211.60	213.25	5,448.60	5,164.65	5,258.50	60,055,496	1,35,637.71
Sep-12	256.00	195.10	246.95	5,735.15	5,215.70	5,703.30	138,087,502	3,11,222.89
Oct-12	272.35	222.20	224.80	5,815.35	4,888.20	5,619.70	104,980,719	2,59,572.69
Nov-12	239.60	219.40	234.35	5,885.25	5,548.35	5,879.85	54,665,182	1,24,956.75
Dec-12	247.75	220.35	228.25	5,965.15	5,823.15	5,905.10	68,621,067	1,59,677.93
Jan-13	245.70	220.50	227.80	6,111.80	5,935.20	6,034.75	78,243,298	1,80,962.65
Feb-13	230.15	199.70	201.15	6,052.95	5,671.90	5,693.05	72,821,312	1,54,269.57
Mar-13	208.45	174.25	177.00	5,971.20	5,604.85	5,682.55	56,260,728	1,08,409.98

Source : www.nseindia.com

Performance of BHEL closing share price at NSE (₹) vs. CNX NIFTY (Close) During 2012-13



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 had 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	Hyderabad 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	UNIT: BHEL 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 Tel.: 040-44655000 Fax : 040-44655024 Email: madhusudhan.ms@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 duly endorsed share certificates to the respective transferees within the prescribed time as per the Listing Agreement. In line with SEBI Circular dated July 5, 2012, share certificates are being issued within 15 days of date of lodgment for transfer, sub-division and consolidation. Share Transfer activities under physical segment like receipt/dispatch of documents, their verification and preparation of Memorandum of Transfers are being carried out by M/s. Karvy Computershare Private Limited.

xii. Distribution of Shareholding

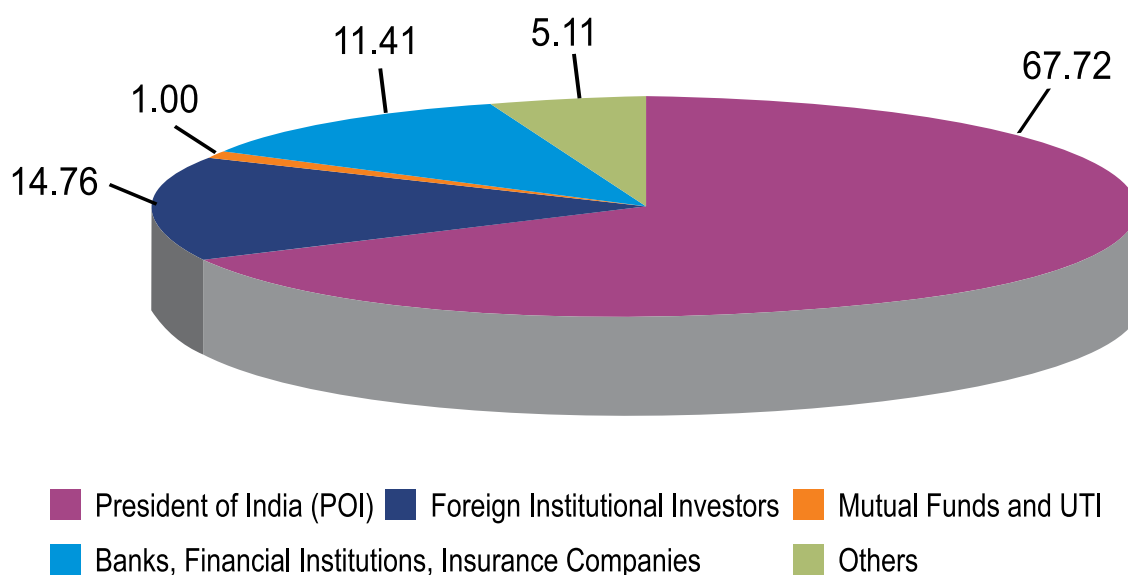
(i) Distribution of shares according to size of holding as on 31st March, 2013

No. of equity share(s) held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	411831	93.19%	39,818,188	1.63%
501 - 1000	17349	3.92%	13,672,949	0.56%
1001 - 2000	7300	1.65%	11,051,344	0.45%
2001 - 3000	2072	0.47%	5,239,203	0.21%
3001 - 4000	775	0.18%	2,758,986	0.11%
4001 - 5000	637	0.14%	3,029,969	0.12%
5001 - 10000	870	0.20%	6,313,776	0.26%
10001 & Above	1085	0.25%	2,365,715,585	96.66%
Total	441919	100%	2,447,600,000	100%

(ii) Shareholding Pattern as on 31st March, 2013

Category	2013		2012	
	Voting strength (%)	No. of shares held	Voting strength (%)	No. of shares held
Promoters Holding				
Indian Promoters-				
President of India (POI)	67.72	1,657,552,000	67.72	1,657,552,000
Total Promoter holding	67.72	1,657,552,000	67.72	1,657,552,000
Non-promoters Holding				
Mutual Funds and UTI	1.00	24,471,627	1.44	35,324,113
Banks, Financial Institutions, Insurance Companies	11.41	279,351,514	11.40	278,981,481
Foreign Institutional Investors (including Qualified Foreign Investor)	14.76	361,122,791	13.49	330,058,708
Others				
Directors & Relatives	0.00	3100	0.00	3100
Bodies Corporate	1.50	36,667,462	2.83	69,234,164
Individuals	3.23	79,088,900	2.69	65,769,748
Foreign Nationals	0.00	1090	0.00	790
NRIs	0.24	5,742,426	0.19	4,738,757
Trust	0.03	856,552	0.05	1,262,523
Clearing Members	0.11	2,742,538	0.19	4,674,616
Total Non-promoter holding	32.28	790,048,000	32.28	790,048,000
Grand Total	100.00	2,447,600,000	100.00	2,447,600,000

Shareholding Pattern as on 31st March, 2013

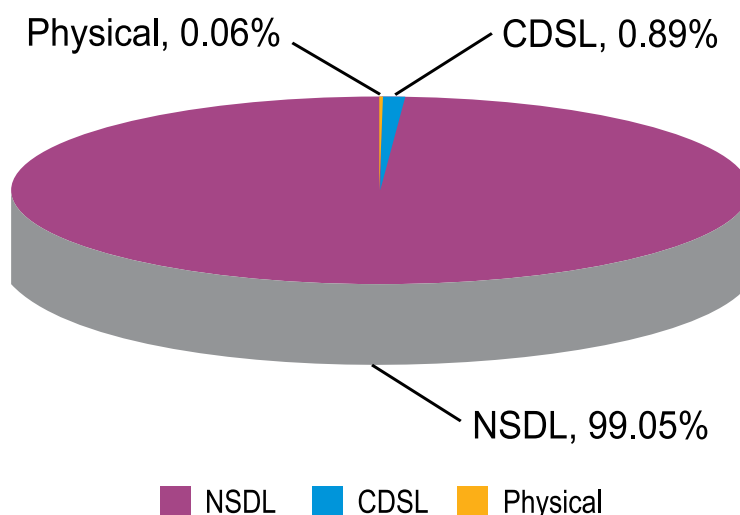


(iii) List of shareholders who are holding more than 1% of the shares of the Company as on 31st March, 2013

Category & Shareholder's Name	2013	
	Voting strength (%)	No. of shares held
Promoters		
1. President of India (POI)	67.72	1,657,552,000
Non-promoters		
1. Life Insurance Corporation of India	5.78	141,433,662
2. Comgest SA A/c Magellan	1.44	35,350,000
3. Lazard Asset Management LLC A/c Lazard Emerging Markets Portfolio	1.27	31,186,042
4. LIC of India Market plus 1 Growth Fund	1.02	24,939,880
5. Comgest Growth PLC A/c Comgest Growth Emerging Markets	1.01	24,807,000

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, 2013, 99.94% of the total equity share capital of BHEL is being held in demat mode by the shareholders. Shareholding of Hon'ble President of India (being the Promoter of the company holding 67.72% of the paid-up share capital of the company) is also held in dematerialized form. The International Securities Identification Number (ISIN) allotted to Company is INE257A01026.

Shares held by Depositories as on 31st March, 2013

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
	Thirumayam	16. Power Plant Piping Unit
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

OR

KARVY COMPUTERSHARE PVT. LTD.

UNIT: BHEL

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

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

Phone : 011-26001046

Fax : 011-66337533

Email : shareholderquery@bhel.in

Phone : 011-23324401, 43681700/01/02/21

Fax : 011-23730743

Email : ksbldelhi@karvy.com

Phone : 040-44655000

Fax : 040-44655024

Email : madhusudhan.ms@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(I-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 2012-13.

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



(B. Prasada Rao)

Chairman & Managing Director

Place : New Delhi

Dated : August 3, 2013

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, 2013 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 2012-13 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 2012-13;
 - (ii) significant changes in accounting policies during the year 2012-13 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.



(P. K. Bajpai)
 Director (Finance)



(B. Prasada Rao)
 Chairman & Managing Director

Place : New Delhi
Dated : May 23, 2013

Auditors' Certificate on Corporate Governance

The Members

Bharat Heavy Electricals Ltd.

We have examined the compliance of conditions of Corporate Governance by Bharat Heavy Electricals Ltd. for the year ended on 31.03.2013 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges and the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (DPE Guidelines).

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 as on 31.03.2013, the company has complied with all the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and DPE Guidelines *except Clause 49(1)(A) of Listing Agreement (Clause 3.1.4 of the DPE Guidelines) relating to condition of not less than fifty percent of board of directors being independent.*

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 : August 3, 2013

Annexure –IV to the Directors Report

Conservation of Energy

Energy Conservation (ENCON) is an important thrust area in BHEL. Following main activities were performed during the financial year:

- National Energy Conservation Day was celebrated across the company on 14th December. Various activities related to ENCON were organized for awareness generation of employees.
- More than 1200 Turbo Ventilators were installed at manufacturing units.
- Energy Audit recommendations were implemented at the units from last Energy Audit reports.
- Energy Audit was conducted at HEP-Bhopal & CFP-Rudrapur units.

Technology Absorption and Research & Development

Research & Development

- | | | |
|--|---|---|
| <ol style="list-style-type: none"> 1. Specific areas in which R&D carried out by the Company 2. Benefits derived as a result of the above R&D 3. Future plan of action: | } | Given in the Directors' Report under "R&D and Technology" |
|--|---|---|

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, MEMU.
- 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 design automation/ KBE/ PLM
- Vibration and noise reduction
- Applications based on high temperature Superconductors
- Desalination and Water Treatment Plants
- Flue Gas Desulphurization (FGD)systems
- Nano-technology applications
- Hydrogen energy and fuel cells

Expenditure on R&D

Total		₹ 1251.92 Crore
a) Recurring		₹ 1233.19 Crore
b) Capital		₹ 18.73 Crore
Expenditure as a percentage of total turnover		2.5 %

Technology Absorption and Adoption

Details of technology imported during the last 5 years:

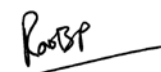
Technology	Year of import	Absorption status
Large size forgings	2010	Technology absorption in progress.
Centrifugal Compressors	2010	Technology absorption in progress.
Water treatment Systems	2011	Technology absorption in progress.

Foreign Exchange Earnings and Outgoings

(₹ in Crore)

	2012-13	2011-12
(i) Foreign Exchange Used	6982	9815
(ii) Foreign Exchange Earned	12357	14419

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



(B. Prasada Rao)

Chairman & Managing Director

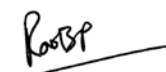
Place : New Delhi
Dated : August 3, 2013

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, 2013	31 st March, 2013
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 31 st March 2013		
	a) Number & Face Value	337978 Equity Shares of ₹1000/- each fully paid up	5355000 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, 2013	35.04	(-) 0.28
	ii) Up to the previous financial years of the Subsidiary Company	(-) 33.38	(-) 0.19
	b) Dealt with in the holding Company's accounts		
	i) For the Financial Year Ended March 31, 2013	Nil	Nil
	ii) For the Previous financial year of the Subsidiary Company since they became the holding Company's Subsidiary	Nil	Nil

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



(B. Prasada Rao)

Chairman & Managing Director

Place : New Delhi

Dated : August 3, 2013

Annexure - VI to the Directors' Report

INDEPENDENT AUDITORS' REPORT

To the members of Bharat Heavy Electricals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Bharat Heavy Electricals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

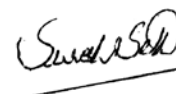
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
 - c. The Branch Auditors Reports have been furnished to us and have been appropriately dealt with while preparing our report.
 - d. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us.
 - e. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (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. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Gandhi Minocha & co
Chartered Accountants
FRN 000458N



(Bhupinder Singh)
M.No 092867

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



(Suresh Sethi)
M.No 010577

Date : May 23, 2013
Place : New Delhi

Annexure to Independent Auditors' Report

(Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the accounts of Bharat Heavy Electricals Limited for the year ended March 31, 2013)

- 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 were not material with regard to the size and nature of operations of the Company 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 Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 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 cost records with a view to determine whether they are accurate & complete.
- ix) (a) According to the information and explanations 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 explanations 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, 2013 for a period of more than six months from the date they become payable *except in the case of Libya project, 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 ₹ 32.88 Crore pertaining to financial year 2008-09 & 2009-10.*
- (c) According to the information and explanations 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, Entry Tax & Work Contract Tax	35.78 249.20 344.94 125.82 3.43 117.30	10.38 21.44 49.72 28.25 3.38 8.69	Assessing Officer Dy. Commissioner / Jt. Commissioner/ Commissioner Appeals Appellate Tribunal High Court Supreme Court Various Appellate Authorities
2	Income Tax Act, 1961	Income Tax	3.4 26.50 4.15	- - -	High Court Appellate Tribunal Commissioner (Appeals)
3	Central Excise Act, 1944	Excise Duty	30.26 1.15 259.13 43.02 -	0.06 0.48 3.61 4.37 -	Assessing Officer Commissioner (Appeals) Appellate Tribunal High Court Various Appellate Authorities
4	Service Tax under the Finance Act, 1994	Service Tax	54.38 105.33 - 5.70	0.01 - - -	Commissioner (Appeals) Appellate Tribunal Assessing Officer High Court

- x) The Company has no accumulated losses as at March 31, 2013 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 (xiii) 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 explanations 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 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, no fraud on or by the Company has been noticed or reported during the year.

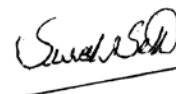
For Gandhi Minocha & co
Chartered Accountants
FRN 000458N



Date : May 23, 2013
Place : New Delhi

(Bhupinder Singh)
M.No 092867

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



(Suresh Sethi)
M.No 010577

Management Reply to Point No. (ix)(b) : In respect of ECCO Libya, as per the contract, the income tax liability has to be discharged by the customer (ECCO). ECCO has confirmed that they will honor their commitment and directly approach the Libyan tax authorities

गोपनीय

No./MAB-III/Rep./01-20/A/cs-BHEL/2013-14/ 327

भारतीय लेखा एवं लेखा परीक्षा विभाग

कार्यालय

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III

नई दिल्ली



सत्यमेव जयते

Indian Audit & Accounts Department

OFFICE OF THE

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT

& EX-OFFICIO MEMBER, AUDIT BOARD-III

NEW DELHI

दिनांक/Dated: 17 June, 2013

सेवा में,

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

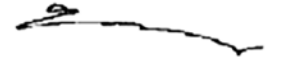
विषय: 31 मार्च 2013 को समाप्त वर्ष के लिये भारत हेवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली के वार्षिक लेखाओं पर कंपनी अधिनियम 1956 की धारा 619(4) के अन्तर्गत भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ।

महोदय,

मैं भारत हेवी इलेक्ट्रिकल्स लिमिटेड, नई दिल्ली के 31 मार्च 2013 को समाप्त वर्ष के लेखाओं पर कंपनी अधिनियम 1956 की धारा 619(4) के अन्तर्गत भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियाँ अंग्रेजित कर रहा हूँ। कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्न: यथोपरि।

भवदीय,



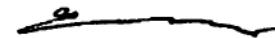
(बृज मोहन)
 प्रधान निदेशक

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT HEAVY ELECTRICALS LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Bharat Heavy Electricals Limited, New Delhi for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Bharat Heavy Electricals Limited, New Delhi for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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



(Brij Mohan)

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

Place: New Delhi
Date : 17 June, 2013



Annual Accounts
(Standalone)

Balance Sheet

As at March 31, 2013

(₹ in Crore)

Particulars	Note No.	Figures as at 31.03.2013		Figures as at 31.03.2012	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share capital	1	489.52		489.52	
(b) Reserves & surplus	2	29954.58	30444.10	24883.69	25373.21
(2) Non-current liabilities					
(a) Long-term borrowings	3	129.20		123.43	
(b) other long term liabilities	4	5789.68		7558.59	
(c) Long term provisions	5	5932.91	11851.79	5005.68	12687.70
(3) Current liabilities					
(a) Short-term borrowings	6	1286.00		0.00	
(b) Trade payables	7	9675.24		10254.82	
(c) Other current liabilities	8	13862.10		15824.60	
(d) Short-term provisions	9	3009.22	27832.56	2635.69	28715.11
TOTAL			70128.45		66776.02
II. ASSETS					
(1) Non current assets					
(a) Fixed assets	10				
(i) Tangible assets		4314.67		4160.72	
(ii) Intangible assets		143.82		136.09	
(iii) Capital work-in-progress		1133.51		1324.63	
(iv) Intangible assets under development		38.08	5630.08	22.98	5644.42
(b) Non-current investments	11	429.17		461.67	
(c) Deferred tax assets (net)	12	1550.69		1546.24	
(d) Long-term loans and advances	13	905.33		900.10	
(e) Other non-current assets	14	10653.72	13538.91	9383.62	12291.63
(2) Current assets					
(a) Inventories	15	11763.82		13548.73	
(b) Trade receivables	16	29234.49		26356.93	
(c) Cash and Bank Balances	17	7732.05		6671.98	
(d) Short term loans and advances	18	2029.12		2111.72	
(e) Other current assets	19	199.98	50959.46	150.61	48839.97
TOTAL			70128.45		66776.02

Significant Accounting Policies

Other notes to financial statements

31

The Accompanying Notes 1 to 31 & Significant accounting policies form an integral part of the financial statements.

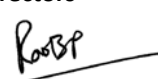
For and on behalf of Board of Directors



(I.P. Singh)
Company Secretary



(P.K. Bajpai)
Director (Finance)

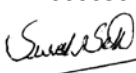


(B. Prasada Rao)
Chairman and Managing Director

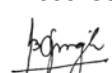
As per our report of even date attached

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

Place : New Delhi
Date : May 23, 2013

Statement of Profit & Loss

for the year ended March 31, 2013

(₹ in Crore)

Particulars	Note No.	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
I. Revenue from operations (Gross)	20	50156.48	49509.78
Less : Excise duty		1904.01	1846.56
Less : Service tax		634.80	435.36
Revenue from operations (Net)		47617.67	47227.86
II. Other operational income	21	806.98	751.03
III. Other income	22	1121.71	1265.55
Total revenue (I to III)		49546.36	49244.44
IV. Expenses			
Cost of material consumption, erection and engineering expenses	23	27899.37	28907.73
(Increase)/Decrease in Work in progress & Finished Goods	24	116.21	-823.20
Employee benefits expense	25	5752.78	5465.43
Finance costs	26	125.27	51.28
Depreciation & Amortisation expense	10.1	953.39	800.00
Other expenses of manufacture, administration, selling and distribution	27	3776.56	3223.22
Provisions (net)	28	1565.77	1402.58
Less: Cost of jobs done for internal use		75.87	104.11
Total expenses		40113.48	38922.93
V. Profit before prior period adjustments and tax		9432.88	10321.51
VI. Add/less: Prior period adjustments (net)	29	-0.44	-19.25
VII. Profit before tax for the year		9432.44	10302.26
VIII. Less: Tax expense	30		
a) Current tax		2822.15	2645.00
b) Deferred tax		-4.44	617.30
IX. Profit for the year		6614.73	7039.96
Earnings per share (Basic & Diluted) (Refer pt. no. 20 of Note 31) in ₹		27.03	28.76
Face Value per share (in ₹) (Refer point no. 20 of Note 31)		2.00	2.00
Significant Accounting Policies			
Other Notes to financial statements	31		

The accompanying Notes 1 to 31 & significant accounting policies form an integral part of the financial statements.

For and on behalf of Board of Directors


(I.P. Singh)
Company Secretary


(P.K. Bajpai)
Director (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

Place : New Delhi
Date : May 23, 2013

Cash Flow Statement

for the year ended March 31, 2013

(₹ in Crore)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Statement of Profit and Loss	9432.44	10302.26
Adjustment for		
Depreciation/Amortisation	954.16	802.67
Lease Equalisation	0.29	-3.82
Provisions (Net)	423.95	539.77
Bad Debts & LD & investment written off	377.26	97.29
Profit on sale of Fixed assets	-3.31	-4.01
Profit on sale of Long Term Investments	-31.50	0.00
Finance cost	125.27	51.28
Interest/Dividend Income	-623.95	-830.63
Operating Profit before Working Capital changes	10654.61	10954.81
Adjustment for		
Trade & Other Receivables	-4441.00	-8793.32
Inventories	1788.30	-2576.01
Trade Payable & Advances	-2971.92	2784.13
Cash generated from operations	5029.99	2369.61
Direct Taxes Paid (Net of refund)	-3165.21	-3183.18
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	1864.78	-813.57
B. CASH FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-988.52	-1307.21
Sale and Disposal of Fixed Assets	12.72	9.27
Sale and Disposal of Long term Investments	31.50	0.00
Investment in Subsidiary & Joint Ventures	32.50	-22.50
Interest & Dividend income	573.75	990.73
NET CASH USED IN INVESTING ACTIVITIES	338.05	329.70
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short term & Long term Borrowing (Net)	1304.43	28.60
Dividend Paid (including tax on dividend)	-1648.57	-1793.70
Finance cost	-122.52	-49.80
NET CASH USED IN FINANCING ACTIVITIES	466.66	1814.90
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1060.07	-2958.17
Opening Balance of Cash and Cash Equivalents	6671.98	9630.15
Closing Balance of Cash and Cash Equivalents (Refer Note no.17)	7732.05	6671.98

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

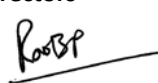
2 : Previous year's figures have been regrouped/rearranged wherever necessary.

3 : Cash & Cash Equivalents includes ₹ 3.52 Crore (₹ 2.18 Crore) unclaimed dividend lying in designated bank accounts

For and on behalf of Board of Directors


(I.P. Singh)
Company Secretary

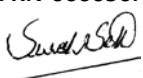

(P.K. Bajpai)
Director (Finance)

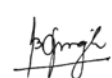

(B. Prasada Rao)
Chairman and Managing Director

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

Place : New Delhi
Date : May 23, 2013

1 - Share Capital

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Authorised				
1000,00,00,000 equity shares of ₹2 each (previous year 1000,00,00,000 equity shares of ₹ 2 each)		2000.00		2000.00
Issued, Subscribed & Paid up Capital		489.52		489.52
244,76,00,000 fully paid equity Shares of ₹ 2 each (previous year 244,76,00,000 equity shares of ₹ 2 each)				
a) Out of which 122,38,00,000 equity shares of ₹ 2 each (previous year 122,38,00,000 equity shares of ₹ 2 each) allotted as bonus shares				
b) The reconciliation of the number of equity shares outstanding is set out below :				
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2447600000	489.52	489520000	489.52
Shares issued during last year towards split of shares from ₹ 10 to ₹ 2 per share			1958080000	
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2447600000	489.52	2447600000	489.52
c) Details of shares held by shareholders holding more than 5% shares at the year end	No. of shares	% age of holding	No. of shares	% age of holding
President of India (POI) alongwith nominees	1657552000	67.72%	1657552000	67.72%
Life Insurance Corporation of India	141433662	5.78%	141433662	5.78%
Face Value per share (₹)		2.00		2.00
d) Terms / rights attached to the equity shares:				
The company has only one class of equity shares having a par value of ₹ 2 per share (previous year ₹ 2 per share). Each holder of the equity shares is entitled to one vote per share.				

2 - Reserves & surplus

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Capital reserve				
Opening Balance	2.74		2.74	
Add: Additions	-		-	
Less: Deductions	-	2.74	-	2.74
General reserve				
Opening balance	23849.72		18849.72	
Add: transfer from surplus of profit & loss	5000.00		5000.00	
Less: Deductions	-	28849.72	-	23849.72
Surplus from statement of profit & loss				
Opening Balance	1031.23		811.86	
Add: profit for the year	6614.73		7039.96	
Profit available for appropriation	7645.96		7851.82	
Less: Appropriation-				
- General reserve	5000.00		5000.00	
- Dividend (including interim dividend of ₹ 518.89 Crore, previous year ₹ 665.75 Crore)	1323.00		1566.47	
- Corporate dividend tax (including tax on interim dividend ₹ 84.18 Crore, previous year ₹ 108 Crore)	220.84	1102.12	254.12	1031.23
		29954.58		24883.69
Proposed dividend on equity per share (₹)		3.29		3.68

3 - Long-term borrowings

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Secured				
Debentures/ Bonds	-		-	
Term Loans from State Government	-		-	
Term Loans from Financial Institutions	-		-	
	-		-	
Unsecured				
Long term maturities of finance lease obligations	129.20		123.43	
	129.20		123.43	
	129.20		123.43	

4 - Other long-term liabilities

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Trade payables	756.10		616.84	
Advances received from customers & others	4959.23		6836.86	
Deposits from contractors & others	74.35		104.89	
	5789.68		7558.59	

5 - Long-term provisions

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Provision for employee benefits	2185.47	2076.18
Contractual Obligation	3602.85	2793.48
Other long-term provisions	144.59	136.02
	<u>5932.91</u>	<u>5005.68</u>

6 - Short-term borrowings

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Secured		
Loans from banks		
Packing credit	1,286.00	-
(secured by first charge by way of hypothecation of raw materials, components, work-in-progress, finished goods, stores, Trade Receivables and other current assets both present and future)		
	<u>1,286.00</u>	<u>-</u>

Repayable within a period of 6 to 9 months at interest rate ranging from 7.25% to 7.50%

7 - Trade Payables

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Trade Payables	9600.11	10143.89
Acceptances	75.13	110.93
	<u>9675.24</u>	<u>10254.82</u>

(refer to point no.10 Note 31 for Micro and small enterprises disclosure)

8 - Other current liabilities

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Current maturities of finance lease obligation	75.09	62.43
Advances received from customers & others	11261.12	13144.42
Deposits from Contractors & others	481.00	444.27
Unclaimed dividend *	3.52	2.18
Other payables/ liabilities **	2030.82	2163.50
Interest accrued but not due	1.15	0.65
Interest accrued and due on :		
State Government Loans	2.33	2.33
Finance lease	7.07	4.82
	<u>13862.10</u>	<u>15824.60</u>

Advances received from customers & others include valuation adjustment

- ₹ 5759.02 Crore (previous year ₹ 7150.34.Crore)

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

** Includes Employees dues and Statutory dues.

9 - Short-term provisions

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Provision for employee benefits	488.33	401.38
Proposed Dividend	804.11	900.72
Corporate dividend tax	136.66	146.12
Contractual obligation	1387.13	1057.43
Other short-term provisions	178.66	87.61
Corporate Social Responsibility	14.33	42.43
	3009.22	2635.69

10 - Fixed assets

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
(i) Tangible assets		
Gross block	10441.74	9406.70
Less: Accumulated depreciation	6130.42	5249.62
Less: Lease adjustment account	-3.35	-3.64
Net Block	4314.67	4160.72
(ii) Intangible assets		
Gross block	341.52	299.94
Less: Accumulated depreciation	197.70	163.85
Net block	143.82	136.09
(iii) Capital work in progress		
Construction work-in-progress -Civil	214.65	338.31
Construction stores (including in transit)	11.27	9.99
Plant & machinery and other equipments		
- Under Erection/ Fabrication/awaiting erection	630.17	702.25
- In transit	277.30	273.80
Leased assets under erection	0.12	0.28
	1133.51	1324.63
(iv) Intangible assets under development	38.08	22.98
	38.08	22.98
Total	5630.08	5644.42
Refer to details in Note no. 10.1		

Note 10.1

Fixed Assets

(₹ in Crore)

	Gross Block			Depreciation		Net Block			
	Cost As at 31.03.2012	Additions/ adjustments during the year	Deductions/ adjustments during the year	Cost As at 31.03.2013	Lease adjustment Account	Depreciation/ Amortisation upto 31.03.2013	As at 31.03.2013	As at 31.03.2012	Depreciation/ Amortisation for the year
Factory/ Office Complex									
(i) Tangible assets									
Freehold land (incl. development exp.)	16.87	0.94		17.81			17.81	16.87	
Leasehold land (incl. development exp.)	6.05	0.15		6.20		0.41	5.79	5.66	0.01
Roads, bridges and culverts	20.53	4.50	0.01	25.02		5.13	19.89	16.82	1.45
Buildings	1333.60	258.38	0.48	1591.50		594.13	997.37	862.20	123.34
Leashold buildings	3.12			3.12		1.39	1.73	1.79	0.05
Drainage, sewerage and water supply	21.37	3.39	0.02	24.74		11.65	13.09	10.24	0.55
Railway siding	14.87	1.56		16.43		9.07	7.36	6.39	0.60
Locomotives and wagons	30.97	13.35		44.32		20.86	23.46	11.78	1.67
Plant & Machinery	5965.60	560.90	18.10	6508.40		3991.92	2516.48	2601.42	642.71
Electronic data processing equipments	135.86	8.28	1.59	142.55		135.94	6.61	5.81	2.15
Electrical installations	276.75	23.26	0.11	299.90		119.25	180.65	175.58	18.11
Construction Equipment	212.17	36.37	0.62	247.92		163.04	84.88	78.33	29.64
Vehicles	18.96	0.07	0.48	18.55		16.13	2.42	2.88	0.50
Furniture & fixtures	43.08	8.93	0.55	51.46		14.86	36.60	31.54	3.45
Office & other equipments	146.70	23.69	1.13	169.26		81.44	87.82	74.12	9.57
Fixed assets costing upto ₹10,000/-	97.58	9.70	1.44	105.84		105.84			9.83
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	3.35	493.79	6.71	3.79	0.15
EDP Equipment taken on lease	340.14	81.06	20.89	400.31		232.94	167.37	155.75	68.09
Office & other equipment taken on lease	4.67		0.83	3.84		0.74	3.10	4.22	0.29
Other assets taken on lease	1.34	0.83		2.17		2.17			0.36
Total Tangible Assets-Factory	9187.82	1035.36	46.25	10176.93	3.35	6001.14	4179.14	4065.19	912.52
(ii) Intangible Assets									
- Internally developed									
Software									
Patents & Trade Marks									
Technical Know How									
Others	29.96	10.19	0.05	40.10		23.45	16.65	15.76	9.29
- Others									
Software	119.83	20.93	0.07	140.69		120.30	20.39	9.83	10.40
Patents & Trade Marks									
Technical Know-how	141.30	10.58		151.88		45.10	106.78	110.45	14.24
Others	8.85			8.85		8.85		0.05	0.05
Total intangible Assets-Factory	299.94	41.70	0.12	341.52		197.70	143.82	136.09	33.98
Total of Factory Assets	9487.76	1077.06	46.37	10518.45	3.35	6198.84	4322.96	4201.28	946.50
Township/ Residential									
Tangible assets									
Freehold land (incl. development exp.)	2.09			2.09			2.09	2.09	
Leasehold land (incl. development exp.)	1.99	0.05		2.04		0.62	1.42	1.41	0.02
Roads, bridges and culverts	5.09	0.59		5.68		3.01	2.67	2.17	0.09
Buildings	130.93	43.55	2.98	171.50		64.40	107.10	68.75	3.17
Leasehold buildings	0.27			0.27		0.21	0.06	0.07	0.01
Drainage, sewerage and water supply	17.19	0.17		17.36		14.53	2.83	3.04	0.38
Plant and Machinery	17.55	2.27	0.01	19.81		12.56	7.25	6.36	1.37
Electronic Data Processing Equipment									
Electrical installations	17.73	0.89	0.09	18.53		14.98	3.55	3.21	0.48
Vehicles	1.08		0.01	1.07		1.02	0.05	0.07	0.01
Furniture & fixtures	0.85	0.12	0.03	0.94		0.36	0.58	0.56	0.07
Office & other equipments	21.67	1.34	0.10	22.91		14.98	7.93	7.80	1.11
Fixed assets costing upto ₹10,000/-	2.44	0.18	0.01	2.61		2.61			0.18
Total Tangible Assets-Township	218.88	49.16	3.23	264.81		129.28	135.53	95.53	6.89
Total of Township Assets	218.88	49.16	3.23	264.81		129.28	135.53	95.53	6.89
Total of Tangible Assets	9406.70	1084.52	49.48	10441.74	3.35	6130.42	4314.67	4160.72	919.41
Total of Intangible Assets	299.94	41.70	0.12	341.52		197.70	143.82	136.09	33.98
Total of Factory & Township	9706.64	1126.22	49.60	10783.26	3.35	6328.12	4458.49	4296.81	953.39
Previous year	8049.74	1700.00	43.10	9706.64	3.64	5413.47	4296.81	3400.92	800.00
The details of R&D capital items included in above									
Plant & Machinery & other Equipments	359.12	76.02		435.14		266.49	168.65	124.45	31.62
Building	31.62	5.40		37.02		17.67	19.35	14.98	1.03

Gross Block as at 31.03.2013 includes assets condemned and retired from active use ₹ 61.57 Crore (Previous year ₹ 59.20 Crore)

Net Block as at 31.03.2013 includes assets condemned and retired from active use ₹ 0.14 Crore (Previous year ₹ 0.18 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.

There is no impairment loss in fixed assets during the year.

2012-13	2011-12
30.81	30.81

11 - Non-current investments

(₹ in Crore)

	Figures as at 1.03.2013		Figures as at 1.03.2012	
Long Term Investments (at cost)				
Unquoted Shares(Fully paid up):				
<u>TRADE:</u>				
1402 (previous year 1402) Equity Shares of ₹ 10/- each (Previous year ₹ 10 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	5.91	5.00	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/-	*		*	
5355000 (previous year 5355000) Equity Shares of ₹ 10/- each of BHEL Electrical Machines Ltd.	5.36	5.36	5.36	5.36
Joint Venture Companies				
1999999 (previous year 1999999) Equity Shares of ₹ 10/- each of Powerplant Performance Improvement Ltd.	2.00		2.00	
Less: Provision for diminution in value	2.00		2.00	
- 25000000 (previous year 25000000) Equity Shares of ₹ 10/- each of NTPC-BHEL Power Projects Pvt. Ltd.	25.00		25.00	
- Nil (previous year 32500000) Equity Shares of ₹ 10/- each of Udangudi Power Corporation Ltd.	-		32.50	
- 331523312 (previous year 331523312) Equity Shares of ₹ 10/- each of Raichur Power Corporation Ltd.	331.52		331.52	
- 22500000 (previous year 22500000) Equity Shares of ₹ 10/- each of Dada Dhuniwale Khandwa Power Ltd.	22.50		22.50	
- 2500000 (previous year 2500000) Equity Shares of ₹ 10/- each of Latur Power company Ltd.	2.50		2.50	
- 2379999 (previous year 2379999) Equity Shares of ₹ 10/- each of BHEL-GE Gas Turbine Services Pvt. Ltd.	2.38	383.90	2.38	416.40
Advances deposit towards issue of Shares				
To Bharat Heavy Plate & Vessels Ltd. (Subsidiary Company)		34.00		34.00
<u>OTHER THAN TRADE:</u>				
3 (Previous year 3) shares of ₹ 100/- each of BHEL House Building Cooperative Society Ltd., Hyderabad		*		*
* Value of less than ₹ 1 lakh/-				
	429.17		461.67	
Aggregate value of Unquoted Investments	429.17		461.67	
Aggregate provision in diminution in value of Investments	2.00		2.00	

12 - Deferred tax assets (Net)

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Provisions	1088.81	1018.58
Statutory dues	484.03	555.64
Modvat Adjustment	60.79	75.57
Others	31.94	36.47
	1665.57	1686.26
Deferred Tax Liabilities		
Depreciation	114.88	140.02
Deferred tax assets (net)	1550.69	1546.24

13 - Long-term loans and advances

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Loans		
Loans to Subsidiary Companies	234.98	218.87
Capital advance	60.76	21.77
Deposits	51.22	42.65
Loans to employees	0.01	0.01
Loans to Public Sector Undertakings	12.00	16.00
Loans to Others	0.00	0.01
Interest accrued and or due on loans	0.56	0.78
	359.53	300.09
Advances (Recoverable in cash or in kind or for value to be received)		
For purchases	113.21	416.66
To Others	70.06	118.02
	183.27	534.68
Deposits		
Balance with customs, Port Trust and other Govt Authorities	42.48	38.50
Advance Tax/TDS (Net of Provision for Taxation ₹ 9268.23 crore (Previous year ₹ 8293.49 Crore)	343.06	72.31
	928.34	945.59
Less: Provisions	23.01	45.49
	905.33	900.10
Sub classification:-		
Secured, considered good	12.15	16.27
Unsecured, considered good	893.18	883.83
Doubtful	23.01	45.49
	928.34	945.59
Includes:		
Due from Officers	0.03	-

14 - Other non-current assets

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Long term trade receivables	13036.39		11494.90	
Less: Provision for bad & doubtful debts	1804.84		1749.90	
Less: Automatic price reduction adjustment	577.83	10653.72	361.39	9383.62
		10653.72		9383.62
Sub classification: Long term trade receivables				
Secured, considered good		-		-
Unsecured, considered good		10653.72		9383.62
Doubtful		2382.67		2111.29
		13036.39		11494.90
Long term trade receivables include deferred debts- - ₹ 9859.62 Crore (previous year ₹ 8194.77 Crore)				

15 - Inventories

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Raw material & components	4489.12		4937.63	
Material-in-transit	664.73	5153.85	1846.42	6784.05
Work-in-progress (including items with sub-contractors)		4188.19		4820.87
Finished goods	1358.14		951.41	
Inter division transfers in transit	297.06	1655.20	199.60	1151.01
Stores & spare parts				
Production	238.85		209.83	
Fuel stores	23.94		15.03	
Miscellaneous	45.20	307.99	35.87	260.73
Materials with fabricators/contractors		234.94		316.70
Loose tools		44.36		46.16
Scrap (at estimated realisable value)		63.42		64.98
Non moving inventory	170.64		162.39	
Less: Provision for non-moving inventory	54.77	115.87	58.16	104.23
		11763.82		13548.73

Refer to Significant Accounting Policy No. 9 regarding mode of valuation

16 - Trade receivables

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Debts outstanding for a period exceeding six months	11631.09	10279.39
Other debts	18604.19	16811.30
	30235.28	27090.69
Less : Provision for bad & doubtful debts & automatic price reduction adjustment	1000.79	733.76
	29234.49	26356.93
Trade receivables include deferred debts-		
- ₹ 7220.91 Crore (previous year ₹ 6057.02 Crore)		
Trade receivables include goods despatched pending billing		
- ₹ 1705.16 Crore (previous year ₹ 1717.07 Crore)		
Trade receivables include valuation adjustment-		
- ₹ 1274.42 Crore (previous year ₹ 1475.07 Crore)		
Particulars of trade receivables :		
Secured, considered good	-	-
Unsecured, considered good	29234.49	26356.93
Doubtful	1000.79	733.76
	30235.28	27090.69

17 - Cash & Bank Balances

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
<u>Cash & cash equivalents</u>		
Balances with Banks*	2562.47	1661.62
Fixed Deposits having maturity less than 3 months	1300.00	1250.00
Cheques, Demand Drafts on hand	418.47	359.11
Cash & Stamps in on hand	1.11	1.25
<u>Other Bank Balances</u>		
Fixed Deposit having maturity more than 3 months & less than 12 months	3450.00	3400.00
	7732.05	6671.98
* Includes		
Earmarked against unclaimed dividend	3.52	2.18
Non-repatriable account	13.16	19.28

18 - Short-term loans and advances

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Loans				
Loans to Subsidiary Companies	0.00		1.70	
Loans to Employees	0.02		0.02	
Materials Issued on loan	9.74		9.74	
Loans to others	0.01		0.01	
Loans to Public Sector Undertakings	4.00		4.00	
Interest accrued and or due on loans	2.64	16.41	1.59	17.06
Advances (Recoverable in cash or in kind or for value to be received)				
To subsidiaries	0.55		1.86	
To employees	31.07		30.97	
For purchases	695.56		945.26	
To Others	940.91	1668.09	844.57	1822.66
Deposits				
Balance with customs, Port Trust and other Govt Authorities		336.71		285.34
Others		60.24		44.50
		2081.45		2169.56
Less: Provision for doubtful loans & advances		52.33		57.83
		2029.12		2111.72
Particulars of Loans and advances:-				
Secured, considered good		6.19		4.25
Unsecured, considered good		2022.93		2107.47
Doubtful		52.33		57.83
		2081.45		2169.56
Includes:				
Due from Directors		-		-
Due from Officers		0.11		0.13

19 - Other current assets

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Interest Accrued on Banks Deposits and investments		199.98		150.61
		199.98		150.61

20 - Revenue from operations

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Sales less returns (gross)	43424.62	44147.75
Income from external erection & other services & revenue from works contract	6731.86	5362.03
	50156.48	49509.78
Refer point no. 28A of note no. 31		

21 - Other operational income

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Export Incentives	24.26	11.95
Rental income on leased assets	0.93	0.93
Lease equalisation account	-0.29	3.82
Scrap sale	283.35	4.75
Receipt from sale/transfer of surplus stock	0.07	307.59
Others	498.66	0.17
	806.98	426.57
		751.03

22 - Other income

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
A. Other income		
Profit on sale of Long term Investments	31.50	-
Profit from sale of fixed assets & capital stores (net)	3.31	4.01
Dividend	19.00	16.98
Exchange variation (net)	143.38	99.32
Others (including grants of ₹ 0.33 Crore (previous year ₹ 0.33 Crore) from Govt of India for R & D Projects)	319.57	331.37
Total (A)	516.76	451.68
B. Interest Income*		
From customers	0.03	2.56
From banks	534.41	786.78
Others	70.51	24.53
*TDS ₹ 56.08 Crore (previous year ₹ 83.22 Crore)		
Total (B)	604.95	813.87
Total Other Income	1121.71	1265.55

23 - Cost of material consumption, erection and engineering expenses

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Consumption of raw material & components*	23043.84	24549.35
Consumption of stores & spares	583.89	563.77
Erection and Engineering exp. - payment to subcontractors	4271.64	3794.61
	27899.37	28907.73
*Refer point no. 28f of note no. 31		

24 - Increase/(Decrease) in work in progress & finished goods

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Work -in -progress		
Closing Balance	4188.13	4821.13
Opening Balance	4821.13	4126.60
	-633.00	694.53
Finished Goods		
Closing Balance	1359.89	952.42
Opening Balance	952.42	858.65
	407.47	93.77
Inter-division transfer in transit	109.32	34.90
NOTE:	-116.21	823.20
Element of Excise duty in Finished Goods		
Closing Balance	126.49	99.97
Opening Balance	99.97	81.96

25 - Employee benefits expense

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Salaries, wages, bonus, allowances & other benefits	4856.50	4594.68
Contribution to gratuity fund	142.09	150.66
Contribution to provident and other funds	297.60	275.77
Group insurance	11.77	12.12
Staff welfare expenses	444.82	432.20
	5752.78	5465.43

26 - Finance costs

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Interest expense	42.39	47.34
Other Borrowing Costs	82.88	3.94
	125.27	51.28
Less: Borrowing Cost capitalised	-	-
	125.27	51.28

27 - Other expenses of manufacture, administration, selling & distribution

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Royalty, technical, Resident consultant's charges & other consultancy charges	124.10	79.84
Rent	84.79	94.92
Excise duty	307.14	248.30
Power & Fuel	555.78	510.25
Rates & taxes	71.42	46.26
Service tax	13.22	15.15
Insurance	125.79	133.46
Repairs:		
Buildings	95.59	79.64
Plant & machinery	37.83	35.60
Others	152.36	138.61
Other expenses in connection with exports	28.28	26.79
Losses written off	1.06	0.09
Bad debts written off	28.12	22.64
Carriage outward	573.44	623.06
Travelling & conveyance	197.45	183.02
Miscellaneous expenses	994.12	874.39
Liquidated damages charged off	348.08	74.56
Donations	0.03	0.17
Corporate social responsibility & sustainability development expenses	37.96	36.46
	3776.56	3223.22

28 - Provisions (net)

(₹ in Crore)

	Figures for the current year ended 31.03.2013		Figures for the previous year ended 31.03.2012	
Doubtful debts, Liquidated Damages and Loans & advances				
Created during the year	1195.88		973.61	
Less written back during the year	819.55	376.33	345.30	628.31
Contractual Obligations				
Created during the year	1786.05		1193.73	
Less written back during the year	644.23	1141.82	330.92	862.81
Others				
Created during the year	86.87		52.56	
Less written back during the year	39.25	47.62	141.10	-88.54
		1565.77		1402.58

29 - Prior period adjustment (net)

(₹ in Crore)

	Figures for the current year ended 31.03.2013		Figures for the previous year ended 31.03.2012	
INCOME				
Sales less returns	1.97		-19.32	
Other operational income	0.00		0.30	
Other income	0.12		0.17	
Interest income	0.00	2.09	-0.21	-19.06
EXPENDITURE				
Payment to Subcontractor	0.06		-	
Consumption of Raw material & components	0.47		1.64	
Depreciation	0.77		2.67	
Misc. Expenses	1.23	2.53	-4.11	0.19
		-0.44		-19.25

30 - Tax expense

(₹ in Crore)

	Figures for the current year ended 31.03.2013		Figures for the previous year ended 31.03.2012	
a) Current tax				
For current year	3042.00		3277.00	
Excess provision created in earlier years written back	-219.85	2822.15	-632.00	2645.00
b) Deferred tax charge /(credit)				
For current year	-163.26		7.13	
For earlier years	158.82	-4.44	610.17	617.30
		2817.71		3262.30

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 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the income and expenditure during the reporting period and the assets and liabilities including contingent liabilities at the date of financial statements. The differences between actual results and estimates are recognized in the period in which results are known.

3 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 and impairment, if any. 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.

4 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.

5 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 Statement of profit and loss 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.

6 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.

7 Depreciation

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

	Single Shift	Double Shift	Triple Shift
General Plant & Machinery	8%	12%	16%
Automatic/Semi-Automatic Machines	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.

- Fixed assets used outside India pursuant to long term contracts are depreciated over the duration of the initial contract.
- 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.

8 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 Statement of profit and loss .

9 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.

10 Revenue Recognition

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

A. For construction contracts entered into on or after 1.4.2003

Revenue is recognized on percentage completion method based on the percentage of actual cost incurred upto the reporting date to the total estimated cost of the contract.

B. For all other contracts

- (i) Recognition of sales revenue in respect of long production cycle items (Hydro

and Thermal sets including gas-based power plants, boilers, boiler auxiliaries, compressors and industrial turbo sets) is made on technical estimates. When the aggregate value of shipments represents 30% or more of the realizable value, they are considered at 97.5% of the realizable value or in its absence, quoted price. Otherwise, they are considered at actual/estimated factory cost or 97.5% of the realizable value, whichever is lower. The balance 2.5% is recognized as revenue on completion of supplies under the contract.

- (ii) Income from erection and project management services is recognized on work done based on: Percentage of completion; or

The intrinsic value, reckoned at 97.5% of contract value, the balance 2.5% is recognized as income when the contract is completed.

- (iii) Income from engineering services rendered is recognized at realizable value based on percentage of work completed.
- (iv) Income from supply/ erection of non-BHEL equipment/ systems and civil works is recognized based on dispatches to customer/work done at project site.

11 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.

12 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 Statement of profit and loss.

13 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. Compensation under Voluntary Retirement Scheme is charged off in the year of incurrence on a pro-rata monthly basis.

14 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.

15 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.

16 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.

17 Taxes on Income

Current tax is determined on the basis of taxable income in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability/asset resulting from timing difference between

accounting income and taxable income is recognised considering the tax rate and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax asset is accounted for and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

18 Impairment

The carrying amount of cash generating units is reviewed at each balance sheet date where there is any indication of impairment. An impairment loss is recognised in the statement of profit and loss where the carrying amount exceeds the recoverable amount of the cash generating units. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

19 Segment Reporting

Segment reporting is in line with the accounting policies of the company. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities."

31 - Other Notes on Financial Statements

S. No.	Description		2012-2013	2011-2012
1	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	₹ in Crore	323.89	625.12
	The above includes for acquisition of intangible assets	₹ in Crore	1.65	13.84
	In view of the nature of business, being long term construction contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.			
2	Land and buildings includes			
a)	(i) Acres of land for which formal transfer/ lease deed have not been executed	Acres	8662.27	8662.27
	(ii) Number of flats for which formal transfer/ lease deed have not been executed (Net Block ₹ 0.12 cr (previous year ₹ 0.13 cr))	Nos.	12	12
	(iii) Number of buildings for which formal transfer/ lease deed have not been executed (Net Block ₹ 5.21 cr (previous year ₹ 5.35 cr))	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	51.52	91.52
b)	Acres of land leased to Ministry of Defence, Govt. of India Departments & others	Acres	31.27	31.27
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. (Cost of land mentioned above in (a)(i),(a)(iv),(b),(c) and (d) is not material)	Acres	377.93	122.94
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.	₹ in Crore	11.40	22.98
	Normal depreciation on above.	₹ in Crore	3.33	5.79
	Excess amount charged.	₹ in Crore	8.07	17.19
4	Sales less returns			
a)	includes based on provisional prices;	₹ in Crore	261.87	242.89
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;	₹ in Crore	2136.62	2156.26
c)	includes despatches of equipment held on behalf of customers at their request for which payment has been received by Company; and	₹ in Crore	151.55	30.88
d)	excludes for price reduction (net of refund) due to delay in delivery as per the terms of the contract.	₹ in Crore	201.19	263.79

5 Contingent liabilities :

Claims against the company not acknowledged as debt :

i)	a)	Income Tax Pending Appeals	₹ in Crore	34.05	45.20
	b)	Against which paid under protest included under the head "deposits others"	₹ in Crore	0.00	0.00
ii)	a)	Sales Tax Demand	₹ in Crore	876.47	732.70
	b)	Against which paid under protest included under the head "Advances Recoverable"	₹ in Crore	121.85	98.39
iii)	a)	Excise Duty demands	₹ in Crore	333.56	320.08
	b)	Against which paid under protest included under the head "Advances Recoverable"	₹ in Crore	8.52	7.84
iv)	a)	Custom Duty demands	₹ in Crore	0.21	0.21
	b)	Against which paid under protest included under the head "Advances Recoverable"	₹ in Crore	0.06	0.06
v)		Court & Arbitration cases	₹ in Crore	726.38	559.23
vi)	a)	Liquidated Damages	₹ in Crore	3376.67	2283.63
	b)	Amount deducted by customers towards LD included in vi)a)	₹ in Crore	2004.98	1579.19
vii)		Counter Claim by contractors	₹ in Crore	0.61	0.61
viii)	a)	Service Tax Demand	₹ in Crore	165.41	131.75
	b)	Against which paid under protest	₹ in Crore	0.01	0.00
ix)		Others	₹ in Crore	56.54	106.34
x)		Corporate Guarantee given on behalf of subsidiary company (BHPV)	₹ in Crore	6.56	9.57

(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 ₹ 5000 Crore (previous year ₹ 3000 Crore) and Company's counter guarantee / indemnity obligations in regard to bank guarantee / letters of credit limit aggregating to ₹ 50000 Crore (previous year ₹ 52000 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, trade receivables and other current assets both present and future. The outstanding bank guarantees as at 31.03.2013 is ₹ 41786 Crore (previous year ₹ 38200 Crore) and Corporate Guarantee as on 31.03.2013 is ₹ 4717.71 Crore (Previous year ₹ 4448.14 Crore).
- 7** Other payable/ 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. Vide BHEL letter dated 19.09.2012, Department of Heavy Industries (DHI) has been again requested for waiver of the guarantee fee. The matter is under discussions with DHI.
- 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 Trade receivables, Trade payables, 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 as the Company is in the business of long term construction contracts & provisions wherever considered necessary have been made in line with the guidelines.

10	The disclosure relating to Micro and Small Enterprises		2012-13	2011-12
	Total Outstanding at the end of the accounting year	₹ in Crore	503.30	554.33
	i) The principal amount remaining unpaid to supplier as at the end of the accounting year	₹ in Crore	492.83	542.82
	ii) The interest due thereon remaining unpaid, to supplier as at the end of accounting year.	₹ in Crore	10.47	11.51
	iii) The amount of interest paid, along with the amounts of the payment made to the supplier beyond appointed day during the year.	₹ in Crore	0.00	0.00
	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.	₹ in 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.	₹ in Crore	5.67	1.76
	vi) The amount of interest accrued during the year and remaining unpaid at the end of year.	₹ in Crore	8.07	4.05
	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.	₹ in Crore	10.14	5.22
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:			
			(₹ in Crore)	
			2012-13	2011-12
	Contract revenue recognised for the year		41925.55	41996.73
	In respect of Contract in progress at the end of year :			
	Cost incurred and recognised profits (less recognised losses)		206956.54	166413.56
	Amount of advance received		7899.17	10232.27
	Amount of retentions (deferred debts)		16845.57	13466.79
	In respect of dues from customers after appropriate netting off			
	Gross amount due from customer for the contract work as an asset		2678.10	2658.54
	Gross amount due to customer for the contract work as a liability		2648.75	4021.75
	Contingencies		-	-
	b) The estimates of total costs and total revenue in respect of construction contracts entered on or after 1 st 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. However, it is impracticable to quantify the impact of change in estimates.			
12	a) The operations of the Libyan project site have been consolidated based on the unaudited accounts maintained at the regional headquarter at Noida, in view of the turmoil in Libya.			
	b) The operations of the Tishreen Syrian project site have been consolidated based on the unaudited accounts maintained at the regional headquarter at Noida, as force majeure condition was invoked in Syria in the second week of June 2012 and the same condition prevails as on 31 st March 2013.			

- 13** 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		2012-13	2011-12
Land	₹ in Crore	0.00	0.04
Building	₹ in Crore	0.53	5.82
Plant & Machinery & Other Equipments	₹ in Crore	66.89	55.51
Total Capital Expenditure	₹ in Crore	67.42	61.37
B. Revenue Expenditure on R & D			
Salaries & Wages	₹ in Crore	187.56	158.86
Material Consumables/spares	₹ in Crore	24.74	27.13
Manufacturing & Other Expenses (Net of Income)	₹ in Crore	65.64	63.97
Total Revenue Expenditure (Net of Income)	₹ in Crore	277.94	249.96

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

- 14** The disclosure relating to derivative instruments:

- a) The derivative instruments that are hedged and outstanding as on 31.03.2013 is Nil (previous year Nil).
b) The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

a) Assets / Receivables (i.e. Debtors)

In foreign currency		2012-13	2011-12
in US \$	in Crore	62.53	55.61
in EURO	in Crore	60.61	46.69
in LYD	in Crore	0.88	0.87
in RO	in Crore	0.03	0.03

In Indian currency

in US \$	₹ in Crore	3372.99	2774.30
in EURO	₹ in Crore	4160.17	3123.98
in LYD	₹ in Crore	37.17	35.60
in RO	₹ in Crore	4.78	4.48
in Others	₹ in Crore	35.19	43.59

b) Liabilities (i.e. Advances from customers/creditors)

In foreign currency			
in US \$	in Crore	36.21	35.37
in EURO	in Crore	32.62	34.17
in LYD	in Crore	1.42	1.49

In Indian currency

in US \$	₹ in Crore	1987.81	1777.45
in EURO	₹ in Crore	2297.00	2347.33
in LYD	₹ in Crore	61.00	62.18
in Others	₹ in Crore	151.22	230.31

(₹ in Crore)

15	Remuneration paid/payable to Directors (including Chairman & Managing Director)*	2012-13	2011-12
	Salaries & Allowances	2.12	2.15
	Contribution to PF	0.12	0.10
	Contribution to Gratuity Fund	0.09	0.08
	Others	0.23	0.21

*The above amount includes 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 ₹ 0.02 Crore (Previous Year ₹ 0.02 Crore)

(₹ in Crore)

16	a) Expenditure on departmental repair & maintenance which are as under:	2012-13	2011-12
	Plant & Machinery	192.06	178.30
	Buildings	58.97	54.93
	Others	31.30	36.75
	b) Agency Commission on exports included in expenses in connection with exports	18.55	17.48
	c) Expenditure on research & development	337.18	320.26
	d) Rent Residential	59.12	73.55
	e) Payment to Auditors		
	As Auditors	0.55	0.50
	includes paid abroad	0.01	0.04
	Reimbursement of expenses	0.16	0.16
	Taxation matters(including certification)	0.12	0.14
	includes paid abroad	0.00	0.02
	Other services	0.34	0.33
	f) Payment to Cost Auditors	0.13	0.01
	g) Expenditure on entertainment	8.27	8.00
	h) Expenditure on foreign travel		
	No. of tours	891	921
	Expenditure in Rupees	19.46	16.76
	i) Expenditure on Publicity and Public Relations		
	Salaries allowances & other benefits	11.47	10.40
	Other expenses	15.00	15.11
	j) Director's Fees	0.12	0.23

17 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)

	2012-13	2011-12
1 Change in present value of obligation		
a) Present value of obligation as at the beginning	1828.21	1770.22
b) Acquisition adjustment	-	-
c) Interest Cost	146.26	150.47
d) Past service cost	-	-
e) Current service cost	86.86	78.85
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	-246.85	-239.80
i) Actuarial (gain) / loss	58.45	68.47
j) Present value of obligation at the end of the period	1872.92	1828.21
2 Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	1828.21	1770.26
b) Acquisition Adjustments	-	-
c) Expected return on plan assets	155.40	150.47
d) Contributions	-	-
e) Benefits paid	-246.85	-239.80
f) Actuarial gain / (loss) on plan assets	-5.92	-3.53
g) Fair value of plan assets as at the end of the year	1730.83	1677.40
3 Fair value of plan assets		
a) Fair value of plan assets at the beginning	1828.21	1770.26
b) Acquisition Adjustments	-	-
c) Actual return on plan assets	149.48	146.94
d) Contributions	-	-
e) Benefits paid	-246.85	-239.80
f) Fair value of plan assets at the year end	1730.83	1677.40
g) Funded status	-142.09	-150.81
h) Excess of actual over estimated return of plan assets	-5.92	-3.53
4 Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period – obligation	-58.45	-68.47
b) Actuarial (gain) / loss for the period – plan assets	5.92	3.53
c) Total (gain) / loss for the period	64.37	72.00
d) Actuarial (gain)/ loss recognized in the period	64.37	72.00
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	1872.92	1828.21
b) Fair value of plan assets as at the end of period	1730.83	1677.40
c) Funded status	-142.08	-150.81

d) Excess of actual over estimated	-5.92	-3.53
e) Unrecognised actuarial (gains)/ losses	-	-
f) Net asset/ (liability) recognized in balance sheet	-142.09	-150.81
6 Expense recognized in the statement of profit and loss		
a) Current service cost	86.86	78.85
b) Past service cost	-	-
c) Interest cost	146.26	150.47
d) Expected return on plan assets	-155.40	-150.47
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	64.37	72.00
h) Expenses recognized in the statement of profit & loss	142.09	150.85

Assumptions- Discounting rate 8.00% (prev. year 8.50%), Future salary increase 6.00% (prev. year 6.00%), Expected rate of return on plan assets 8.50% (prev. year 8.50%).

b) Post Retirement Medical Benefits Plan		₹ in Crore
	2012-13	2011-12
1 Change in present value of obligation		
a) Present value of obligation as at the beginning	1069.10	951.35
b) Acquisition adjustment	0.00	0.00
c) Interest cost	85.53	80.86
d) Past service cost	0.00	0.00
e) Current service cost	21.32	18.54
f) Curtailment cost / (Credit)	0.00	0.00
g) Settlement cost / (Credit)	0.00	0.00
h) Benefits paid	-63.66	-56.54
i) Actuarial (gain) / loss	109.91	74.90
j) Present value of obligation as at the end of year	1222.20	1069.10
2 Change in the fair value of plan assets	-	-
3 Fair value of plan assets	-	-
Funded Status	-1222.20	-1069.10
4 Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period - obligation	109.91	74.90
b) Actuarial (gain) / loss for the period – plan assets	-	-
c) Total (gain) / loss for the year	109.91	74.90
d) Actuarial (gain)/ loss recognized in the period	109.91	74.90
e) Unrecognized actuarial (gains)/ losses at the end of the period	-	-
5 The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the year	1222.20	1069.10
b) Fair value of plan assets as at the end of the year	-	-
c) Funded status	-1222.20	-1069.10

d) Net assets / (liability) recognized in balance sheet	-1222.20	-1069.10
6 Expenses recognized in the statement of profit and loss		
a) Current service cost	21.32	18.54
b) Interest cost	85.53	80.86
c) Net actuarial (gain) / loss recognized in the year	109.91	74.90
d) Expenses recognized in the statement of profit & loss	216.75	174.30

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

The company provides for earned leave benefit and half pay leave to the employees of the company which accrue half yearly at 15 days (maximum) and 10 days respectively. 73.33% of the earned leave is encashable while in service and upto a maximum of 300 days on retirement. Half pay leave is encashable on separation beyond the age of 50 years subject to the overall ceiling of 480 days. The leave liability has been treated as other long term benefits and has been assessed using projected unit credit actuarial method.

	(₹ in Crore)	
	2012-13	2011-12
1 Change in present value of obligation		
a) Present value of obligation as at the beginning	1199.22	1192.95
b) Acquisition adjustment	-	-
c) Interest Cost	95.94	101.40
d) Past service cost	-	-
e) Current service cost	40.58	42.84
f) Curtailment cost / (Credit)	-	-
g) Settlement cost / (Credit)	-	-
h) Benefits paid	-335.00	-259.62
i) Actuarial (gain) / loss	173.57	121.65
j) Present value of obligation at the end of the period	1174.31	1199.22
2 Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition Adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Actuarial gain / (loss) on plan assets	-	-
g) Fair value of plan assets as at the end of the year	-	-
3 Fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition Adjustments	-	-
c) Actual return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	-	-

g) Funded status	-1174.31	-1199.22
h) Excess of actual over estimated return of plan assets	-	-
4 Actuarial gain / loss recognized		
a) Actuarial gain / (loss) for the period - obligation	-173.57	-121.65
b) Actuarial (gain) / loss for the period – plan assets	-	-
c) Total (gain) / loss for the period	173.57	121.65
d) Actuarial (gain)/ loss recognized in the period	173.57	121.65
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	1174.31	1199.22
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	-1174.31	-1199.22
d) Excess of actual over estimated	-	-
e) Unrecognised actuarial (gains)/ losses	-	-
f) Net asset/ (liability) recognized in balance sheet	-1174.31	-1199.22
6 Expense recognized in the statement of profit and loss		
a) Current service cost	40.58	42.84
b) Past service cost	-	-
c) Interest cost	95.94	101.40
d) Expected return on plan assets	-	-
e) Curtailment cost / (Credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	173.57	121.65
h) Expenses recognized in the statement of profit & loss	310.09	265.89
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 ₹ in Crore based on actuarial valuation for the year	-2.95	4.96
Accumulated provision for shortfall in PF interest liability based on ₹ in Crore actuarial valuation	29.19	32.14

18 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. (Upto 26.03.2013)
 - Raichur Power Corporation Ltd.
 - Dada Dhuniwale Khandwa Power Ltd.
 - Latur Power Company Ltd.

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

S/Shri B.P. Rao , Atul Saraya, O. P. Bhutani, M.K. Dube , P. K. Bajpai and R Krishnan (w.e.f. 01.04.2012)

iii) Details of Transactions

Joint Ventures		2012-13	2011-12
Purchase of Goods and Services	₹ in Crore	86.70	98.14
Sales of Goods and services	₹ in Crore	2757.14	654.23
Receiving of Services	₹ in Crore	0.00	97.52
Rendering of Services	₹ in Crore	303.63	46.98
Dividend income	₹ in Crore	16.66	16.96
Royalty income	₹ in Crore	0.90	0.63
Purchase of shares	₹ in Crore	0.00	22.50
Sale of Shares	₹ in Crore	64.00	0.00
Amounts due to BHEL at the end of the year	₹ in Crore	978.18	595.06
Amounts due from BHEL (incl. advances) at the end of the year	₹ in Crore	588.65	1022.24
Provision for Doubtful debts	₹ in Crore	4.39	0.76
Advances given	₹ in Crore	2.20	8.36
Note : Majority of transactions are with BGGTS, NBPPL and Raichur Power Corporation Ltd.			
Key Management Personnel (KMP)			
Payment of Salaries	₹ in Crore	2.53	2.54
Relatives of KMP			
Amounts due to BHEL at the end of the year	₹ in Crore	0.01	0.00
Payment of Salaries	₹ in Crore	0.25	0.20

19 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		2012-13	2011-12
	not later than one year	₹ in Crore	90.12	81.80
	later than one year and not later than five years	₹ in Crore	150.43	143.89
	later than five years	₹ in Crore	0.00	0.00
	Total minimum lease payments at the balance sheet date	₹ in Crore	240.55	225.69
b.	Present Value of (a) above			
	not later than one year	₹ in Crore	75.09	62.43
	later than one year and not later than five years	₹ in Crore	129.20	123.43
	later than five years	₹ in Crore	0.00	0.00
	Total of Present Value at the balance sheet date	₹ in Crore	204.29	185.86
c.1	Finance charges	₹ in Crore	36.26	39.83
c.2	Present value of Residual value, if any	₹ in Crore	0.00	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>		2012-13	2011-12
The future minimum lease payments under non-cancellable operating lease are as under			
not later than one year	₹ in Crore	1.94	3.97
later than one year and not later than five years	₹ in Crore	2.43	3.29
later than five years	₹ in Crore	4.40	0.79
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	₹ in Crore	0.01	0.01
Computers & peripherals	₹ in Crore	0.00	0.00
Rentals payable over unexpired period of lease			
Land & buildings	₹ in Crore	0.02	0.02
Computers & peripherals	₹ in Crore	0.00	0.00

20 Earnings per Share:

Weighted average number of Equity Shares outstanding during the year (A)	Nos. in Crore	244.760	244.760
Nominal Value of Equity Share	(₹)	2.00	2.00
Net Profit for the year (B)	₹ in Crore	6614.73	7039.96
Basic and Diluted Earnings Per Share (B)/(A)	(₹)	27.03	28.76

21 Joint Ventures

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	2012-13	2011-12
Power Plant Performance Improvement Ltd	India	One share less than 50%		One share less than 50%
BHEL-GE Gas Turbine Services Pvt Ltd	India			
NTPC-BHEL Power Projects Pvt. Ltd.	India	50%	50%	50%
Udangudi Power Corporation Ltd.(Upto 26.03.2013)	India	NIL		50%
Latur Power company Ltd.	India	50%	50%	50%
Raichur Power Corporation Ltd.	India	43%	46%	46%
Dada Dhuniwale Khandwa Power Ltd.	India	50%	50%	50%
b) The provision for diminution in value of investment in Power Plant Performance Improvement Ltd. has been made since the company is under liquidation and the amount paid as equity is not recoverable.				
c) BHEL has sold its stake in Udangudi Power Corporation Limited on 26.03.2013.				

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

BHEL-GE Gas Turbine Services Pvt. Ltd.			(₹ in Crore)
	2012-13	2011-12	
Fixed Assets	4.47	4.40	
Net Current Assets	72.42	57.00	
Loan funds	0.26	0.22	
Misc. Exp. not written off	0.00	0.00	
Deferred Tax Assets (net)	2.73	2.11	
Shareholders Funds	78.69	57.24	
Income	413.55	260.56	
Expenses	353.10	215.35	
Contingent Liabilities	2.53	2.69	
Capital Commitments	2.97	0.18	
NTPC-BHEL Power Projects Pvt. Ltd.			(₹ in Crore)
	2012-13	2011-12	
Fixed Assets	24.42	12.90	
Net Current Assets	3.36	21.11	
Loan funds	0.03	0.05	
Misc. Exp. not written off	0.00	0.00	
Deferred Tax Assets (net)	1.63	1.13	
Shareholders Funds	35.99	33.15	
Income	57.33	73.46	
Expenses	53.62	64.74	
Contingent Liabilities	0.00	4.81	
Capital Commitments	28.85	15.26	
Udangudi Power Corporation Ltd.			(₹ in Crore)
	2012-13	2011-12	
Fixed Assets	-	35.42	
Net Current Assets	-	-2.64	
Loan funds	-	0.00	
Misc. Exp. not written off	-	0.00	
Deferred Tax Assets (net)	-	0.00	
Shareholders Funds	-	32.78	
Income	-	0.08	
Expenses	-	0.00	
Contingent Liabilities	-	0.00	
Capital Commitments	-	0.00	
BHEL's entire equity stake was sold on 26.03.2013			

Raichur Power Corporation Ltd.		(₹ in Crore)
	2012-13	2011-12
Fixed Assets	1273.94	458.31
Net Current Assets	-60.18	-167.04
Loan funds	1110.58	159.52
Misc. Exp. not written off	0.00	0.00
Deferred Tax Assets (net)	0.00	0.00
Shareholders Funds	333.64	333.91
Income	0.00	0.05
Expenses	76.63	19.32

Figures of 2012-13 are based on provisional unaudited financial results

Dada Dhuniwala Khandwa Power Ltd.		(₹ in Crore)
	2012-13	2011-12
Fixed Assets	0.83	0.39
Net Current Assets	3.01	3.28
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	22.89	22.63
Income	0.38	0.40
Expenses	0.00	0.00
Contingent Liabilities	1.93	0.00

Figures of 2012-13 are based on unaudited financial results

Latur Power Company Ltd.		(₹ in Crore)
	2012-13	2011-12
Fixed Assets	0.00	0.00
Net Current Assets	2.44	2.32
Loan funds	0.00	0.00
Misc. Exp. not written off	0.30	0.28
Deferred Tax Assets (net)	0.00	0.00
Shareholders Funds	2.74	2.60
Income	0.21	0.15
Expenses	0.01	0.00
Contingent Liabilities	0.00	0.00
Capital Commitments	0.00	15.00

Figures of 2012-13 are based on unaudited financial results

- 22 As per the listing agreement with the Stock Exchanges, the requisite details of loans and advances in the nature of loans, given by the Company are given below:

i) In respect of Subsidiary Company: (₹ in Crore)

	2012-13	2011-12
Bharat Heavy Plates & Vessels Ltd. (interest free)		
Loans and advances in the nature of loans outstanding	234.98	218.87
Maximum amount of loans and advances in the nature of loans outstanding during the year	234.98	218.87
BHEL Electrical Machines Ltd.		
Loans and advances in the nature of loans outstanding	0.00	1.70
Maximum amount of loans and advances in the nature of loans outstanding during the year	1.70	1.70

- 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.

- 23 The disclosure relating to Accounting Standard -29 (₹ in Crore)

	2012-13	2011-12
a) Liquidated Damages		
Opening	1137.44	697.96
Additions	649.42	555.86
Usage/ Write off/payment	-433.04	-74.56
Withdrawal/adjustments	-33.36	-41.82
Closing Balance	1320.46	1137.44
Contractual Obligation		
Opening	3850.91	2982.16
Additions	1786.05	1193.73
Usage/ Write off/payment	-154.31	-133.48
Withdrawal/adjustments	-492.68	-191.50
Closing Balance	4989.97	3850.91

- 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 item No. 5 of Note no. 31.
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.15 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 During the year the Company has included policies on Use of estimates, Taxes on income, impairment and Segment reporting. The impact due to this is NIL as these were already in practice.
25 Assets and Liabilities are classified between Current and Non-current considering 12 months period as operating cycle.
26 Item of expense and income less than ₹ one Lakh are not considered for booking under Prior Period Items.

27. Segment Information

(₹ in Crore)

	For the year ended 31.3.2013			For the year ended 31.3.2012		
A. PRIMARY SEGMENT - BUSINESS SEGMENTS						
	Power	Industry	Total	Power	Industry	Total
I. SEGMENT REVENUE						
a. Segment Revenue	39576.74	10604.00	50180.74	37862.87	11658.86	49521.73
b. Operating Revenue-External	39576.74	10604.00	50180.74	37862.87	11658.86	49521.73
II. SEGMENT RESULTS						
a. Segment Results	8559.48	2196.57	10756.05	8183.81	3342.42	11526.23
b. Unallocated expenses (Net of income)			1198.34			1172.69
c. Profit before finance cost & Income Tax (a) - (b)			9557.71			10353.54
d. Finance cost			125.27			51.28
e. Net Profit before Income Tax (c) - (d)			9432.44			10302.26
f. Income Tax			2817.71			3262.30
g. Net Profit after Income Tax			6614.73			7039.96
III ASSETS & LIABILITIES						
a. Segment Assets	46465.35	13038.33	59503.68	44134.64	13430.20	57564.84
b. Unallocated Assets			10624.77			9211.18
c. Total Assets			70128.45			66776.02
d. Segment Liabilities	29809.47	7182.77	36992.24	31973.02	8074.50	40047.52
e. Unallocated Liabilities			2692.11			1355.29
f. Total Liabilities			39684.35			41402.81
IV OTHER INFORMATION						
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	694.74	203.27		792.95	434.94	
b. Depreciation	709.65	191.91		598.46	150.75	
c. Non Cash Expenses (other than depreciation)	1361.49	354.30		1397.25	120.37	
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS						
	Within India	Outside India	Total	Within India	Outside India	Total
1 Net Sales / Income from Operations	49261.01	919.73	50180.74	48059.05	1462.68	49521.73
2 Total Assets	69634.52	493.93	70128.45	66297.33	478.69	66776.02
3 Cost incurred during the period to acquire Fixed Assets	939.52	0.07	939.59	1263.95	0.15	1264.10

The primary segments have been identified as 'Power' and 'Industry' based on the orders booked by the respective business sectors. The order booked by International operation group is taken to Power or Industry as the case may be.

28. Other Information

A. Sales, Opening Stocks & closing Stocks

(₹ in Crore)

Product	Unit	Sales during the year 2012-2013		Op. Stock of Fin. Goods 01.04.2012		Cl. Stock of Fin. Goods 31.3.2013	
		Qty.	Value	Qty.	Value	Qty.	Value
HEP, Bhopal							
SWITCHGEAR, CONTROLGEAR, RECTIFIER, CAPACITORS							
Switchgear-11 kv to 220 kv high	Nos.	4119	287.08	16	0.67	0	11.44
speed air blast circuit breakers	Nos.	(3972)	(306.87)	(29)	(1.64)	(16)	(0.67)
Control Panels	Nos.	191	40.92	0	0.08	0	2.41
	Nos.	(250)	(69.79)	0	(0.02)	0	(0.08)
Industrial controlgear	Nos.	0	9.12	0	0.00	0	0.00
	Nos.	0	(15.13)	0	0.00	0	0.00
Traction controlgear for AC, DC	Set	251	163.49	0	0.92	0	0.11
& diesel system	Set	(247)	(164.56)	(8)	(1.07)	0	(0.92)
Rectifiers with Electronics	Nos.	135	96.93	0	0.00	0	0.28
	Nos.	(357)	(107.29)	0	0.00	0	0.00
Capacitors	MVAR	1046	10.91	27	0.28	0	0
	MVAR	(1590)	(12.39)	(23)	(0.45)	(27)	(0.28)
Bushings		0	19.22	0	0.20	0	0.41
		0	(20.73)	0	(0.18)	0	(0.20)
TRANSFORMERS							
Power transformers upto 400 kv	MVA	21919	789.82	311	22.73	683	26.25
	MVA	(23389)	(851.44)	(540)	(13.25)	(311)	(22.73)
Instrument, welding, transformers	MVA	0	14.04	0	0.19	0	0.06
and reactors	Nos.	490		24		1	
	MVA	0	(16.32)	0	(0.03)	0	(0.19)
	Nos.	(354)		(25)	0.00	(24)	
INDUSTRIAL AND TRACTION MACHINES							
Traction Motors for AC,DC & diesel	Nos.	2121	558.83	0	10.79	17	2.42
system,main/auxiliary generators	Nos.	(2009)	(493.35)	(30)	(4.50)	0	(10.79)
Industrial machines, AC motors	Nos.	1071	259.32	108	12.18	131	14.46
upto 1000 HP, DC motors &	Nos.	(1392)	(383.25)	(37)	(5.94)	(108)	(12.18)
generators of all types							
HEAVY ROTATING PLANT & TURBINES							
Large electrical machines	Nos.	386	451.59	30	17.42	17	14.17
above 1000 HP	Nos.	(389)	(432.08)	(10)	(11.46)	(30)	(17.42)
Water wheel alternators	Nos.	7	575.49	0	50.94	0	14.47
& water turbines & Mini	MW	880	0.00				
micro turbines & generators	Nos.	7	325.53	0	39.16	0	10.68
	MW	1310					
	Nos.	(22)	(467.82)	(12)	(52.98)	0	(50.94)
	MW	(854)	0.00				
	Nos.	(9)	(275.18)	0	(32.35)	0	(39.16)
	MW	(380)					
Turbo Alternators &	Set	2	476.24	0	4.05	0	44.04
Steam turbines	Set	(2)	(465.12)	0	(1.43)	0	(4.05)
Heat Exchangers	Nos.	52	259.09	0	0.00	0	5.93
	Nos.	(46)	(264.24)	0	0.00	0	0.00
Others			164.73		0.35		0.39
			(222.27)		(0.63)		(0.35)
		TOTAL	4502.35		159.96		147.52

(₹ in Crore)

Product	Unit	Sales during the year 2012-2013		Op. Stock of Fin. Goods 01.04.2012		Cl. Stock of Fin. Goods 31.3.2013			
		Qty.	Value	Qty.	Value	Qty.	Value		
TP, Jhansi									
Power transformers and	Nos.	131	471.07	0	0	0	0		
special transformers	Nos.	(157)	(548.18)	(4)	(14.03)	0	0		
ESP Transformer	Nos.	1705	174.06	4	0.19	0	0		
	Nos.	(1280)	(142.83)	(4)	(0.15)	(4)	(0.19)		
ACEMU Transformer	Nos.	97	18.81	0	0.00	0	0.00		
	Nos.	(17)	(3.12)	0	0.00	0	0.00		
Freight Loco transformers	Nos.	90	71.71	8	6.49	3	1.60		
	Nos.	(67)	(51.25)	0	0.00	(8)	(6.49)		
Instrument transformers	Nos.	395	14.07	0	0.00	0	0.00		
	Nos.	(335)	(7.36)	0	0.00	0	0.00		
Bus Duct	Nos./Set	0	0.25	0	0.00	0	0.00		
	Nos./Set	0	(0.67)	0	0.00	0	0.00		
Dry Type Transformer	Nos.	75	26.99	0	0.00	0	0.00		
	Nos.	(88)	(38.02)	(2)	(0.07)	0	0.00		
Diesel Shunters	Nos.	7	27.38	0	0.00	0	0.00		
	Nos.	(10)	(32.02)	0	(0.00)	0	0.00		
AC LOCO	Nos.	62	492.35	0	0.00	0	0.00		
	Nos.	(53)	(367.96)	(1)	(5.62)	0	0.00		
Others/Misc.	Nos.		18.86		0.31		0.02		
	Nos.	0	(22.68)	0	(1.47)	0	(0.31)		
		TOTAL	1315.55		6.99		1.62		
HEEP, Haridwar									
Electrical Machines	MW/Nos.	0	0	1/2	0.22	1/2	0.22		
	MW/Nos.	0	0	(1/2)	(0.22)	(1/2)	(0.22)		
Industrial controls panels	Nos.	0	0	3	0.19	3	0.19		
	Nos.	0	0	(3)	(0.18)	(3)	(0.19)		
Turbo Sets									
Turbine Modules	MW/Nos.	8924/121	5940.28	99/3	69.07	758/19	365.05		
	MW/Nos.	(8356/131)		0		(99/3)			
Turbogenerator modules	MW/Nos.	4511/31.5		0		(12.89)		446/4	(69.07)
	MW/Nos.	(3498/28)		0				0	
Hydro sets	MW/Nos.	0	0.68	0	0.00	0	0.00		
	MW/Nos.	0	(4.07)	0	(0.05)	0	0.00		
Super Rapid Gun Mount	Nos.	2	77.50	0	0.00	0	0.00		
	Nos.	(3)	(111.83)	0	0.00	0	0.00		
Gas Turbine	MW/Nos.	0	0.02	0	0.00	0	0.00		
	MW/Nos.	0	(4.06)	0	0.00	0	0.00		
Others		0	506.02	0	22.70	0	28.72		
		0	(475.72)	0	(12.29)	0	(22.70)		
		TOTAL	6524.50		92.18		394.18		

(₹ in Crore)

Product	Unit	Sales during the year 2012-2013		Op. Stock of Fin. Goods 01.04.2012		Cl. Stock of Fin. Goods 31.03.2013	
		Qty.	Value	Qty.	Value	Qty.	Value
HPBP, Trichy							
Boilers	MT	515127	13851.39	16047	285.09	25498	358.83
	MT	(692272)	(13953.26)	(21717)	(328.53)	(16047)	(285.09)
Valves	Nos.	160367	870.34	2341	45.55	18964	42.13
	Nos.	(155976)	(552.14)	(6541)	(12.07)	(2341)	(45.55)
Income from testing & other services		0	4.75	0	0.00	0	0.00
		0	(6.10)	0	0.00	0	0.00
Seamless steel tubes	MT	286	4.09	0	0.00	97	1.73
	MT	(41)	(0.72)	0	0.00	0	0.00
		TOTAL	14730.57		330.64		402.69
BAP, Ranipet							
Boiler auxiliaries	MT	227150	3704.91	37701	256.25	40734	296.98
	MT	(304303)	(4201.22)	(23279)	(173.15)	(37701)	(256.25)
Income from testing & other services			1.97				
		0	(5.25)	0	0.00	0	0.00
Income from external erection & other services			3.67				
		0	(0.24)	0	0.00	0	0.00
		TOTAL	3710.55		256.25		296.98
HPEP, Hyderabad							
Utility Sets	Nos.	P	818.68	1P	12.11	P	24.41
	Nos.	(P)	(1065.66)	(7P)	(8.63)	(1P)	(12.11)
Small & Medium Sets	Nos.	4P	408.32	1P	11.11	2P	11.70
	Nos.	(12P)	(276.56)	(7P)	(6.47)	(1P)	(11.11)
Pumps and heaters	Nos.	P	1560.63	7P	2.49	P	2.09
	Nos.	(8P)	(1138.43)	(2P)	(3.46)	(7P)	(2.49)
Compressors	Nos.	P	642.46	P	17.78	1P	3.45
	Nos.	(7P)	(655.20)	(3P)	(4.61)	(P)	(17.78)
Gas Turbine	Nos.	27P	1448.13	P	6.97	0	0.00
	Nos.	(10P)	(2475.10)	(3P)	(102.30)	(P)	(6.97)
Bowl Mills	Nos.	1P	1374.67	0	0.00	0	0.00
	Nos.	(19P)	(1260.15)	0	0.00	0	0.00
Heat Exchangers	Nos.	P	21.13	0	0.00	0	0.00
	Nos.	(P)	(1.65)	0	0.00	0	0.00
Erection Income			18.34	0	0.00	0	0.00
			(40.90)	0	0.00	0	0.00
Castings			0.48		0.00	0	0.00
			(3.29)	0	0.00	0	0.00
Breakers	Nos.	6	16.27				
	Nos.	(16)	(9.09)	0	0.00	0	0.00
Oil Rigs	Nos.	P	167.31				
	Nos.	(P)	(74.56)	0	0.00	0	0.00
		TOTAL	6476.42		50.46		41.65

(₹ in Crore)

Product	Unit	Sales during the year 2012-2013		Op. Stock of Fin. Goods 01.04.2012		Cl. Stock of Fin. Goods 31.3.2013	
		Qty.	Value	Qty.	Value	Qty.	Value
ISG, Bangalore							
Other Services			1164.11	0	0.00	0	0.00
			(999.29)	0	0.00	0	0.00
		TOTAL	1164.11		0.00		0.00
EDN, Bangalore							
Power devices	Nos.	6968	1.93	129	0.06	82	0.08
	Nos.	(7461)	(1.89)	(72)	(0.29)	(129)	(0.06)
Photovoltaics	KWs	2348	21.18	1	0.01	48	0.21
	KWs	(17521)	(267.55)	(1)	(0.01)	(1)	(0.01)
Control Equipments	Cubicles	4605	1610.09	176	26.49	266	17.45
	Cubicles	(5650)	(1950.59)	(19)	(11.79)	(176)	(26.49)
		TOTAL	1633.20		26.56		17.74
EPD, Bangalore							
Insulators & bushings	MT	5678	91.13	513	5.25	888	10.02
	MT	(7970)	(123.22)	(595)	(9.13)	(513)	(5.25)
Ceralin	MT	4190	101.26	28	0.35	188	2.35
	MT	(4020)	(97.25)	(388)	(3.55)	(28)	(0.35)
Control Panel	Nos.	76	4.11				
Income from testing & other services		0	4.31	0	0.00		
		0	(0.03)	0	0.00	0	0.00
		TOTAL	200.81		5.60		12.37
Power Group							
Income from erection & Other services & spares			8392.84		1.55		0.19
			(8118.83)		(-5.79)		(1.55)
		TOTAL	8392.84		1.55		0.19
IP, Jagdishpur							
Insulators	CMT	6385	84.67	699	8.84	1048	13.27
	CMT	(6967)	(74.66)	(460)	(5.46)	(699)	(8.84)
Ceralin	MT	4501	77.15	36	1.11	83	1.55
	MT	(4391)	(71.28)	(135)	(2.66)	(36)	(1.11)
		TOTAL	161.82		9.95		14.82
IVP Goindwal							
Industrial Valves	Nos.	0	0.00	364	1.07	1050	5.38
	Nos.	0	0.00	(307)	(1.21)	(364)	(1.07)
Fuel Pipe Couping	Nos.			16	0.01	0	0
	Nos.					(16)	(0.01)
		TOTAL	0.00		1.08		5.38
CFP, Rudrapur							
Busduct Project	Sets	39	207.00	21	6.76	22	9.05
	Sets	(35)	(134.85)	(14)	(8.98)	(21)	(6.76)
		TOTAL	207.00		6.76		9.05

(₹ in Crore)

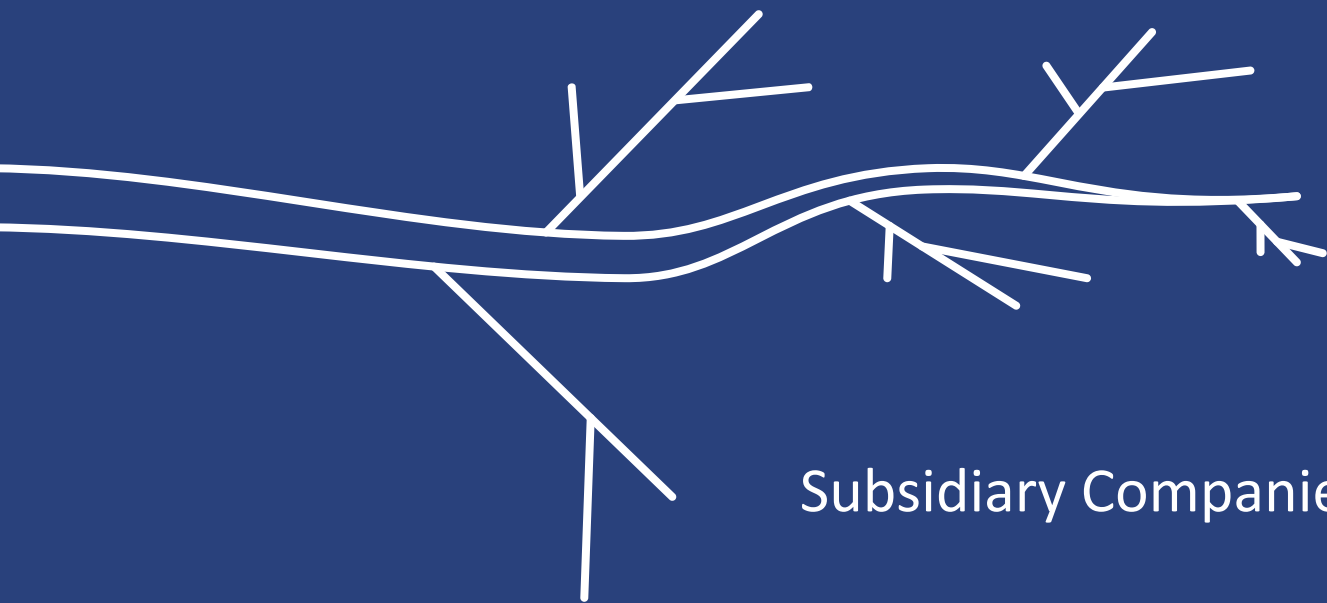
Product	Unit	Sales during the year 2012-2013		Op. Stock of Fin. Goods 01.04.2012		Cl. Stock of Fin. Goods 31.3.2013	
		Qty.	Value	Qty.	Value	Qty.	Value
HERP, Varanasi							
Spares & Repairs for Boiler/ Turbine & Auxiliaries			192.01		0.22		0.12
			(209.20)	0	(0.28)	0	(0.22)
		TOTAL	192.01		0.22		0.12
Transmission Business Group							
Spares(Including Services)			631.41		4.22		16.66
			(380.65)		(8.37)		(4.22)
		TOTAL	631.41		4.22		16.66
EMRP, Mumbai							
Repair & Project work			46.96		0.00		0.00
			(38.82)		0.00		0.00
		TOTAL	46.96		0.00		0.00
International Operations							
Income from Sales (Revenue Recognition Adjustment)			-12.46		0.00		0.00
			(20.54)		0.00		0.00
		TOTAL	-12.46		0.00		0.00
Industry Sector							
Income from Sales (Revenue Recognition Adjustment)			26.58		0.00		-0.14
			(71.64)		0.00		0.00
		TOTAL	26.58		0.00		-0.14
PE&SD							
Industrial sets			190.84				
			(42.94)				
Gas Turbine			81.50				
			(14.52)				
		TOTAL	272.34				
CFFP, Haridwar							
NF Castings		MT	0	0.22			
		MT	0	0			
		TOTAL	0.22				
Adjustment			-20.30		0		-0.94
			(-21.79)		0		0
GRAND TOTAL			50156.48		952.42		1359.89
			(49509.78)		(858.65)		(952.42)

(₹ in Crore)

	For the year ended 31.03.2013	For the year ended 31.03.2012
b. Value of imports		
CIF basis		
Raw materials	3042.51	4884.27
Components and spare parts	3245.41	4049.33
Capital goods	319.86	401.25
c. Expenditure in foreign currency		
Royalty	112.86	68.59
Know-how	12.72	4.28
Professional & Consultancy fees	0.88	1.93
Interest and others (incl. on foreign sites)	248.25	405.16
Dividend : @		
a) number of non-resident shareholders	9334	6698
b) number of shares held	338319525	63851148
c) gross amount of dividend	124.50	114.29
d) year to which dividend relates	2011-12	2010-11
	(Final Dividend)	(Final Dividend)
Interim Dividend : @		
a) number of non-resident shareholders	8908	8292
b) number of shares held	367614071	339026338
c) gross amount of dividend	77.93	92.22
d) year to which dividend relates	2012-13	2011-12
	(Interim Dividend)	(Interim Dividend)
@ The company has not made any remittance of dividend in foreign currency. The payments have been made in Indian Rupees to the Bankers/Power of Attorney holders of non-resident shareholders.		
d. Value of consumption of raw materials, components, stores & spare parts.		
#Imported (including custom duty)	7752.76	8048.81
Indigenous	15874.97	17064.31
Percentage of total consumption		
Imported	33	32
Indigenous	67	68
e. Earnings in foreign exchange		
Export of goods (FOB basis)	438.68	1006.53
Interest	0	0.03
Erection & other services	143.12	477.01
FE in Deemed Exports (incl. domestic contracts)	11774.79	12935.58
# Includes canalised items wherever ascertained.		

(₹ in Crore)

		For the year ended 31.03.2013		For the year ended 31.03.2012	
f. Statement for raw materials and components consumed					
Group of materials	Units	Quantity	Value	Quantity	Value
Ferrous materials					
	MT	359639		647585	
	Meters	12455008		16084481	
	Nos.	4484045		5839126	
	Sq.M	16181		50035	
	Kg.	65601635		64246360	
	Others	461		143	
			4517.67		5774.15
Non-ferrous materials					
	MT	10757		6101	
	Meters	2628311		3050477	
	Nos.	338013		211852	
	Sq.M.	4285		96	
	Kg.	7896378		6967175	
	RL	23838		26960	
	Others	34565		444	
			597.11		554.30
Insulating materials					
	Meters	55491713		79130216	
	MT	23715		33058	
	Nos.	898553		469400	
	Sq.M.	2749575		2024396	
	Kg	711885		1242793	
	LT	5410250		5268930	
	RL	235629		135391	
	M2	190245		171330	
	KL	3493		7460	
	ST	237		509	
	Others	112034		31596	
			305.72		280.41
Insulated cables and Magnet wires					
	Meters	2777834		3762371	
	Nos.	459681		153753	
	Kg	12504		6149	
			45.62		60.09
Components			12635.20		10739.08
Others			4942.52		7141.32
			23043.84		24549.35



Subsidiary Companies

Bharat Heavy Plate and Vessels Limited

Directors' Report

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

The Directors are presenting the 47th Annual Report on the business and operations of the Company for the year ended 31st March, 2013.

Sales

The Company achieved a Turnover of ₹ 240.27 Crore as against ₹ 155.80 Crore in the previous year (i.e., a growth of 54 % over previous year).

Financial Performance

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

	(₹ in Crore)	
	2012-13	2011-12
1. Turnover	240.27	155.80
2. Gross Margin	32.79	12.71
3. Interest	0.96	1.40
4. Depreciation	0.93	1.02
5. Profit Before Tax & Exceptional items	30.89	10.28
6. Extra ordinary Income	4.14	0.16
7. Profit before tax	35.04	10.44
8. Profit after tax	35.04	10.44

The Gross Margin for the Year 2012-13 is ₹ 32.79 Crore as against ₹ 12.71 Crore in the previous year. The Profit before tax for the year 2012-13 is ₹ 35.04 Crore as against ₹ 10.44 Crore during 2011-12. Your Company could achieve the above performance due to the wholehearted involvement & hard work of the BHPV employees & the support extended by the Holding Company (BHEL) by way of orders, deputing of officials, interest free loan/advances etc.

Contribution to Exchequer

Your Company contributed to the Public Exchequer revenue of ₹ 31.46 Crore during the year 2012-13 as against ₹ 16.16 Crore during 2011-12 as per the details given below:

	(₹ in Crore)	
	2012-13	2011-12
1. Excise Duty/Service Tax	24.33	14.25
2. Custom Duty	0.92	0.05
3. Sales Tax	6.21	1.86
	31.46	16.16

Order Book

The Company has faced many problems with regard to order inflow because of the increased competition in terms of price & 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, SAIL- Bhilai, NRL-Numaligarh, SAIL- Rourkela & ADA-Bangalore. The Company has booked orders of ₹ 135.49 Crore as against the target of ₹ 432 Crore (MoU Good level) and the Value of the orders on hand for execution as on 31.03.2013 were worth ₹ 106.34 Crore. Your Company has been submitting offers to various projects and making all out efforts to secure further orders.

Management Discussion and Analysis

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

Board of Directors

Appointment

- Shri P.V. Sridharan, Director (HR), BHPV was entrusted the Additional Charge of the post of Director (Operations) for a period of 3 months with effect from 01.05.2012 or until further orders.
- Shri Debasis Jana, Director, DHI was appointed as part time official Director on the Board of BHPV with effect from 21.03.2013.

- Shri C.P. Chengappa, General Manager, BHEL (OSD-ED, BHPV) was appointed as Managing Director on the Board of BHPV with effect from 12.04.2013.
- Shri G.Uday Kumar, AGM, BHEL (OSD-HR), BHPV was appointed as Director (HR) on the Board of BHPV with effect from 30.05.2013 (AN).
- Shri D. Asokan, AGM, BHEL (OSD-Operations, BHPV) was appointed as Director (Operations) on the Board of BHPV with effect from 03.06.2013 (FN).

Cessation

- Shri A.S. Nagaraja, Director (Operations) & Additional charge of the post of MD ceased to be Director of the Company with effect from 30.04.2012 in view of his superannuation in BHPV.
- Shri P.V.Sridharan, Director (HR) & Additional charge of the post of Director (Operations) ceased to be Director of the Company with effect from 31.07.2012 in view of his superannuation in BHPV.
- Shri R.P.Goyal, Director, DHI ceased to be part time official Director of the Company with effect from 21.03.2013.

Official Language Implementation

As a Public Sector Undertaking, BHPV is committed to implement the Official Language Policy of Government of India. During the year 2012-13, 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.

45 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 Day was celebrated on 14th September, 2012. Various Hindi competitions were conducted for Hindi and Non-Hindi speaking employees separately. Cash Awards and Merit Certificates were given to those employees who passed Hindi examinations and prizes were given to the winners of Hindi competitions. Three Hindi magazines are being procured and distributed regularly to employees along with Hindi books on different subjects written by eminent Writers.

BIFR Status

The company was referred to BIFR in August-2004 due to total erosion of its net worth after incurring significant losses in the year 2002-03 and 2003-04 and the BIFR declared the company as sick. The Department of Heavy Industry vide their communication dated 07.05.2008 conveyed the approval of Union Cabinet for taking over of BHPV as a subsidiary of BHEL. Accordingly, BHPV was taken over by BHEL as wholly owned subsidiary on May 10, 2008. SBI was appointed by BIFR as the Operating Agency to prepare a Rehabilitation Scheme for the company which was sanctioned by BIFR on October 21, 2010.

Although the Holding company (BHEL) has been taking all possible steps for revival of the BHPV, due to certain significant difficulties the desired results could not be achieved for making the net worth positive within a reasonable time. In order to overcome the above, a proposal for merger of BHPV with BHEL along with Draft Amalgamation scheme was approved by BHEL & BHPV Boards.

The Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry vide its letter Dt. 06.03.2013 intimated that the proposal for Merger of BHPV with BHEL (Holding company) has been approved by the Cabinet in its meeting held on 21.02.2013. Consequent to the approval of Merger by the Cabinet, an application was filed with Hon'ble BIFR for sanctioning the scheme. In the hearing held on 14.05.2013, the Bench directed the Company to convene the General meeting and obtain the approval of the share holders and submit the same to the Board.

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. All the directives issued by the Central Vigilance Commission from time to time have been complied with.

Vigilance Awareness Week was observed from 29.10.2012 to 03.11.2012 to bring about greater awareness and accountability amongst employees. The Vigilance pledge was administered to all employees by their Departmental Heads on 29.10.2012. During the period, guest lectures and various competitions

were arranged for the employees in addition to the display of banners at prime locations inside and outside the factory premises. One full day Programme on "Purchase Policy and CVC Guidelines" by GM (Vig), BHEL Trichy was organized for Senior Executives. Two Training Programmes were also conducted for Executives and Supervisors in order to spread vigilance awareness and improvement in the Organizational culture.

Security

The company has its own Security Department, which is entrusted the responsibility of Security and Fire safety of the company and supported by AP ARMD Security Services, Hyderabad, a sponsored agency of Directorate General of Resettlement, New Delhi.

The Security personnel are adequately geared up to provide security and Fire Safety of the organization as per the requirement. The audit of Security arrangements of the company are being done periodically by the Intelligence Bureau, Ministry of Home Affairs, New Delhi and the recommendations are being implemented from time to time and it is reviewed internally also.

The quarterly report on theft, pilferage and Fire incidents are submitted by the Security Department to top Management. National Fire Service Week, security mock drill to sensitize employees with regard to internal/ external security threats etc, are being continuously conducted by Security Department apart from participating in the Republic Day / Independence Day Ceremonial Parades.

Quality

BHPV's products are known for their high and consistent quality. BHPV strives to maintain this position through adoption of ISO 9001:2008, international Quality Management standard. During the month of March-2012, BHPV's Quality Management system was thoroughly audited by Bureau Veritas Certification India (Private) Limited who recommended for re-certification of BHPV to ISO 9001:2008 for a further period of three years. However, intervening surveillance Audits are also planned at specified intervals and the first surveillance audit has been conducted in May 2013.

Lloyds Register extended the recognition to BHPV as manufacturer of 'Fusion Welded Pressure Vessels Class

1' till 25th August, 2013. The Company also has valid certificate of authorization from the prestigious ASME for code stamp of U, U2 & S and R Stamp authorization from National Board and Boilers and Pressure Vessels Inspectors.

Ancillaries / Sub-vendors and Shops

The total output by the ancillaries / sub-vendors for the year under review is ₹ 108 Crore as against ₹ 80 Crore in the previous year. New Vendors were registered in 2012-2013 for outsourcing jobs. Efforts are being made to increase the Vendor base to meet the future production targets. The Company adopted ACF route for Ducts for RPCL, Yeramarus-1 Project, within short span of two and half months and also introduced and implemented Reverse Auction for out sourcing tenders which facilitated cost reduction in a considerable manner.

The shop out-put was 75% higher in financial terms compared to previous year.

Foreign Tours

During the year 2012-13, 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, 2013, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ☐ The Directors have followed 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 2012-13 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, 2013 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 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:

- The existing capacitor banks for 6 nos. substations were reconditioned. After doing the same, the overall power factor of the factory is improved. Also close monitoring of capacitor banks (switching "ON" and "OFF") to maintain the power factor nearer to unity (one) is being done, which resulted into significant savings in consumption of electrical energy.
- EOT cranes are reconditioned replacing conventional drives with VF Drives and thereby saving lot of energy. Other machines like column & boom welding machine and drum shell rotators with advanced technologies are installed which consume very less energy.
- Timers are installed for shop lighting of LMS building (4 bays) for automatic switching "ON" and "OFF" at preset times and time setting of all the timers are changed at an interval of every three months thereby saving good amount of power.

- For conservation of LPG/Diesel, jobs are clubbed together wherever it is possible while loading the furnace. Periodic cleaning or replacing the LPG/ Diesel fired burners are carried out to ensure efficient working.
- Timers are installed for street lights, parks, common facilities, etc at Township for automatic switching "ON" and "OFF" at preset times and time setting of all the timers are changed at an interval of every three months thereby saving good amount of power.
- All old ceiling fans are being replaced phase wise by new energy efficient fans in the township quarters (50% already replaced).

Power and Fuel cost as a percentage of Gross Turnover (net of Excise Duty), for the year 2012-13 is 1.96% as against 2.33% 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 manufacturing, testing and supply of Compact Heat Exchangers of Tejas aircraft for the Series production order from M/s HAL, Bangalore. During the year, Compact Heat Exchangers worth ₹ 349.50 Lakh were fabricated, tested and delivered to M/s.HAL, Bangalore.
- ❑ Besides above, Pre-coolers worth ₹ 18.75 Lakh and Test Heat Exchangers worth ₹ 24.00 Lakh, were fabricated, tested and supplied to ADA, Bangalore.

Apart from above, Plate Fin Heat Exchangers worth ₹ 65.83 Lakh, were manufactured, tested and supplied to Heavy Water Board, Mumbai.

Technology Upgradation

The Technology for manufacturing of Titanium Domes for VSSSC, Trivandrum involving hot pressing of Titanium blanks for forming dished ends of required dimensions with a high degree of accuracy has been upgraded.

Foreign Exchange Earnings & Outgoings

Foreign exchange valued at ₹3.63 Crore was spent towards procurement of raw material/services and components 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 township.

Necessary statutory consents under Section 25/26 of Water (Prevention and Control of Pollution) Act, 1974 and under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 and consent for Hazardous Waste Authorization have been obtained from AP Pollution Control Board which is valid up to 30.04.2013. Renewal of consent for air & water (Prevention and Control of Pollution) valid up to 30.04.2014 is in progress.

Auditors

M/s Grandhy & Co, Chartered Accountants of

Visakhapatnam were appointed as the Statutory Auditors of the Company for the year 2012-13. The audited accounts of the Company were presented to the C & AG under Sec.619(4) of the Companies Act, 1956. The replies to the points referred to in the Auditors Report are given at **Annexure-3**.

M/s Velamarthi & Associates, Cost Accountants of Visakhapatnam were appointed as Cost Auditors for the year 2012-13 and Cost Audit Report will be filed before the due date (27.09.2013). In the year 2011-12 Cost Audit was not applicable.

Comments of C&AG

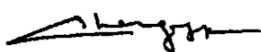
Comments of Comptroller & Auditor General of India, under Sec. 619 (4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31st March, 2013, are placed as Annexure to this report.

Acknowledgements

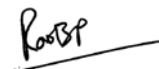
The Directors wish to express their sincere thanks and appreciation for the continued support, guidance and cooperation received from the Department of Heavy Industry, Government of India, Government of Andhra Pradesh, Holding Company (BHEL), Suppliers, Valued Customers and Bankers. Your Directors are also thankful to the Principal Director of Commercial Audit & ex-officio Member, Audit Board and the Statutory Auditors for completion of audit in the shortest possible 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.,

Date : July 18, 2013
Place : New Delhi



C.P. Chengappa
Managing Director



B. Prasada Rao
Chairman

Annexure - 1 to the Directors' Report

Management Discussions 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, Nuclear Power etc. It is engaged in manufacture, supply and erection of capital equipments /machinery needed for core industries. The Company has become a wholly owned subsidiary of BHEL in the year 2008-09. The planned investment towards up-gradation, capital expenditure for Plants & Equipments and Infrastructure is under progress. Strategic tie-ups for BHEL's total support to enhance Industrial Boiler capability, sharing load of other plants of BHEL and to cater to the need of Industrial Boilers & HRSGs are being entered into.

Opportunities and Threats

Opportunities

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

Threats

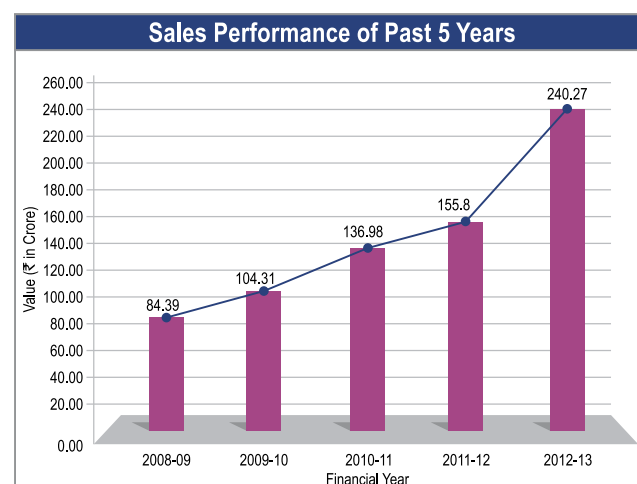
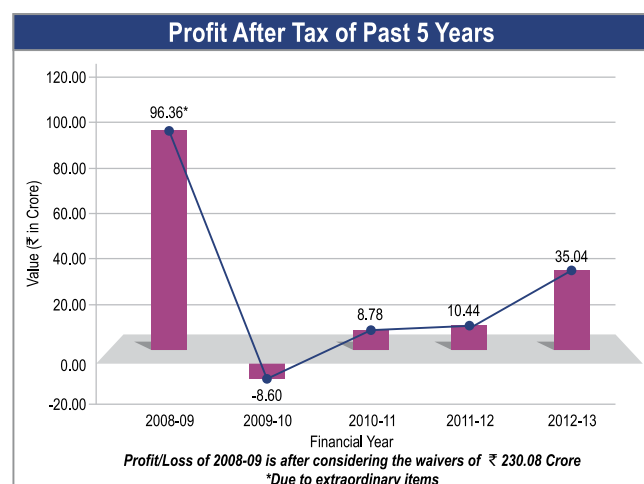
- Stiff competition from private players,
- National and International players under-quoting for conventional jobs.
- Rising customer expectations.
- Stringent delivery conditions.

Performance

	(₹ in Crore)	
	2012-2013	2011-2012
1. Turnover	240.27	155.80
2. Value Added	110.79	68.25
3. Profit Before Tax	35.04	10.44
4. Profit After Tax	35.04	10.44
5. Finance Cost (Interest)	0.96	1.40
6. Extraordinary Income	4.14	0.16
7. Capital Employed	81.13	43.63
8. Gross Block	83.04	82.64
9. Net Block	3.96	4.49
10. Capital (WIP)	9.20	0.00
11. Working Capital	77.17	39.13
12. Net Worth	(-) 184.28	(-) 219.32

Ratios

	2012-2013	2011-2012
PBDIT as a percentage of Turnover	13.65	8.16
PAT as percentage of Turnover	14.58	6.70
Value Added as a % of GTO (net of ED)	52.71	46.70



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

- **IOCL Paradip Boiler III & IV**
Boiler Drums (2 Nos) 11.0 Mtr. long with 120mm thick shell weighing around 65 MT were fabricated successfully for the first time. Along with this, other components like CS & LAS Water wall panels (approx 320MT), Water wall Headers (41 Nos.), Economiser coils/Super Heater Coils were also successfully completed.
- **HRSB Modules for KRIBHCO & OPAL 3 & 4**
HRSB Modules (12 Nos.) with P91 material for KRIBHCO were manufactured for the first time. Along with this, other CS & LAS Modules (88 nos.) for OPAL 3 & 4 were also completed in a record period of three months.
- **Nitrogen Storage tanks for CPCL, Chennai & GSPC, Kakinada**
Nitrogen Storage Tanks for CPCL, Chennai & GSPC, Kakinada were completed. These orders had been received after a long gap of more than 10 years.
- **Condenser shell Internals**
80 nos. Support plates for Condenser shell internals involving drilling of 7000 number of holes on each plate with high degree of accuracy were successfully manufactured for BHEL Haridwar.
- **Buffer Vessel for TISCO Jamshedpur & RINL-Vizag**
200 M³ Oxygen Buffer Vessel weighing around 106 MT and 200 M³ Argon Buffer Vessel weighing around 74MT were manufactured.
- **Higher Diameter pipe Bends**
73 nos. of higher diameter pipe bends with and without attachments involving Normalizing & Tempering (excluding bending), welding of attachments, stress relieving, Edge preparation, surface preparation and painting were completed for BHEL Piping Centre, Chennai
- **Riser Pipes**
586 MT of Riser Pipes were fabricated and dispatched to various BHEL-Project sites. In addition to the above, on the External Services front, the Company has accomplished the following:
 - (i) Erection, alignment, grouting, testing & Commissioning of 200 M³ Nitrogen buffer vessel – 1 No. at M/s Tata steel Ltd-Jamshedpur

is completed. This is an over dimensional consignment (Size: ID 4.1 Mtrs X 18.00 Mtrs long & Approximate Weight: 143 MT).

- (ii) Erection, Testing and commissioning of Liquid Nitrogen storage facility (45 M³ capacity) for FCCU Unit at M/s CPCL-Manali Refinery, Chennai has been completed.
- (iii) Erection, alignment and grouting of Oxygen & Argon buffer vessels – 4 Nos. have been carried out at M/s RINL, Visakhapatnam (Size: ID 3.9 Mtrs X 19.20 Mtrs long & Approximate Weight: 118 MT – 3 Nos. and Size: ID 3.0 Mtrs X 19.7 Mtrs long & Approximate Weight: 75 Mt – 1 No.).

Outlook

- BHPV's reputation as a quality supplier of Process Plant equipment continues to help in getting further orders from oil, steel and fertilizers sectors. This coupled with executing more orders from BHEL 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 Modernization & Capital Investment strategy adopted by the company, ₹ 230.91 Crore Modernization scheme was approved and being implemented for renovation and modernization of the facilities in a phased manner. A committee consisting of officials of BHEL and BHPV are regularly reviewing its progress.
- For bridging identified skill gaps at different levels, the process for recruitment of fresh Executives and Supervisors has started and will be continued during 2013-14.
- 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.

The Targetted Performance Parameters For 2013-14

Order Booking	:	₹ 480.00 Crore
Turnover	:	₹ 380.00 Crore
Operating Results PBT	:	₹ 34.30 Crore

Risks and Concerns

- Speedy up-gradation of manufacturing facilities for existing and diversified business.

- Gain Customer's confidence through speedy completion of existing projects.
- Bagging major orders in competitive and present market scenario.

Internal Control Systems and Their Adequacy

The company has an Internal Audit Department for conducting audit with defined Audit programme. The Internal Audit Department is headed by a Dy. General Manager and reports to the Managing Director. The Company has formed an Audit Committee of Directors and the functions of Internal Audit and the Half yearly/ 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 also subject to Government Audit.

Material Developments in Human Resources/ Industrial Relations Front, Including Number of People Employed

The total number of employees, as at the end of March 2013, was 1123 as against 1186 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 18 in-company training programmes covering 439 employees. The programmes covered Executive, Supervisor and Workmen / Staff category employees. These programmes included training on engineering design software, Purchase policy & vigilance guidelines, fire safety, health awareness, vigilance, welders refresher courses, etc.

2) Outstation training programs

Twenty six Executives were sponsored for fourteen external/outstation training programmes during the year. These programmes were on latest developments in Cost Audit & Accounting Record Rules, Service Tax, Human Resource for Corporate Sustainability, tax deduction at source, Corporate Governance, administrative vigilance, Engineering Design Software, Public Relations strategies, Cost Audit, developments in Gynaecology, Occupational Physiology, management of ischemic stroke, etc.

A total of 465 employees were provided training during the year.

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 01.01.2013 and number of appointments made during the preceding calendar year, as furnished to the Government, is given at Annexure-A.

Manpower Strength of Physically Challenged Employees as on 01.01.2013

- Presently we have a total of 26 Physically Challenged Employees as on 01.01.2013. The group-wise manpower in the Company as on 01.01.2013 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. During the year, 3 Blood Donation camps were organized in association with the Indian Red Cross Society. Two Health awareness camps were conducted in the nearby villages. The Company is providing concessional education in English Medium and Special Care School for which ₹ 32 Lakh (Provisional) were spent. The Company conducted Pulse Polio Programme and a Free Medical camp in the nearby village.

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 01.01.2013 and No. of appointments made during the preceding calendar year 2012.

Groups	Representatives of SCs/STs/OBCs (As on 01.01.2013)				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	199	37	10	24	14	3	2	4	3	--	--	5	--	--
Group – B	291	50	58	43	19	4	2	7	22	7	1	--	--	--
Group – C	626	85	35	196	--	--	--	--	--	--	--	--	--	--
Group - D (Exc. SW)	8	2	--	1	--	--	--	--	--	--	--	--	--	--
Group - D (SW)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	1124	174	103	264	33	7	4	11	25	7	1	5	--	--

Annexure – B

REPRESENTATION OF PRERSONS WITH DISABILITIES

Group	No. of Employees (Representation) (As on 01.01.2013)				Direct Recruitment during the Calendar year 2012								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	199	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
Group – B	291	--	5	4	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
Group – C	626	2	1	14	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
Group – D	8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
Total	1124	2	6	18	--	--	--	--	--	--	--	--	--	--	--	--	--	--		

(I) VH stands for Visually Handicapped (Persons suffering from blindness or low vision)

(II) HH stands for Hearing Handicapped (Persons suffering form hearing impairment)

(III) OH stands for Orthopedically Handicapped (Persons suffering from locomotor disability or cerebral palsy).

Annexure - 2 to the Directors' Report

Corporate Governance Report

Preamble

Corporate Governance rests on four fundamental pillars of Fairness, Transparency, Accountability and Responsibility. The core to good Corporate Governance being compliance with the laws of the land, this helps companies in their endeavour towards being a good corporate citizen. Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. Corporate Governance is the set of processes, customs, policies, laws, and institutions affecting the way a Company is directed, administered and controlled.

Philosophy

The Company is committed to sound Corporate Practices based on conscience, openness, fairness, Professionalism and Accountability in building confidence of its various stake holders such as Investors, customers, employees, Government, Vendors and society at large in it thereby paving the way for its long term success. The Company believes that the most important aspect of compliances is the creation of a compliance-conscious environment at every level. It is the constant endeavour of your company to maintain the standards of ethics in all spheres of business activities. It also accords due importance to the adopted corporate values and objectives and discharging as a corporate citizen. 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 comprised of five Directors up to 30.04.2012. The then Managing Director Shri A.S.Nagaraja, has been relieved from the post on 30.04.2012 due to his superannuation in BHPV. Shri P.V.Sridharan, Director (HR) who was entrusted with the Additional Charge of Director (Operations) from 01.05.2012 was relieved on 31.07.2012 due to his superannuation in BHPV. The Board as on 31.03.2013 is having 3 Directors. Shri Debasis Jana, Director, DHI was appointed as part time official Director on the Board of BHPV representing the Government of India, Department of Heavy Industry (DHI) from 21.03.2013 in place of

Shri R.P. Goyal, Shri C.P. Chengappa, General Manager, BHEL (OSD-ED of BHPV) was appointed as Managing Director of BHPV and assumed the charge as MD, BHPV with effect from 12.04.2013/FN which made the Board Strength to 4 Directors. Shri G.Uday Kumar, AGM, BHEL, (OSD-HR, BHPV) and Shri D.Asokan, AGM, BHEL, (OSD-Operations, BHPV) were appointed as Director (HR) and Director (Operations) and they assumed the charge on 30.05.2013 AN and 03.06.2013 FN respectively. Due to the above appointments the Board strength was increased from 4 to 6. 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).

Board Procedure

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 notices 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. The Board periodically reviews the compliance status of all the applicable laws. All the decisions are taken after detailed deliberations by the Board Members at the meetings.

Board Meetings and Attendance

During the financial year ending 31st March, 2013, 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 17.05.2012, 10.09.2012, 19.12.2012 and 22.03.2013. Details of attendance of

the Directors at the Board Meetings, Annual General Meeting and the number of other Directorships held by them during 2012-13 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 A.S. Nagaraja	Director (Operations) & Additional charge of MD From 18.05.2011 to 30.04.2012.	-	-	Yes (Chairman of the Meeting)	NIL
3	Shri R.P. Goyal	Part time Official (Govt. Director)/ From 21.04.2011 to 21.03.2013	3	3	-	NIL
4	Shri Debasis Jana	Part time Official (Govt. Director)/ From 21.03.2013	1	1	-	NIL
5	Shri P.V. Sridharan	Director (HR) / I/c Finance From 09.11.2009	1	1	-	NIL
6	Shri B.D. Kaler	Special Director appointed by BIFR/ From 25.05.2011	4	4	-	1

Audit Committee

During the year 2012-13, the Audit Committee was reconstituted on appointment of Shri Debasis Jana as part time official Director representing the Government of India, DHI from 21.03.2013 in place of Shri R.P. Goyal with the existing Directors as Members. The Audit Committee was again reconstituted on appointment of Shri C.P.Chengappa, General Manager, BHEL (OSD-ED, BHPV) as Managing Director of BHPV who assumed the charge with effect from 12.04.2013/ FN. Four meetings of the Audit Committee were held during the year under review. The Annual Accounts of 2012-13 were placed before the Audit Committee to approve & recommend to the Board of Directors of the Company for approval in its meeting held on 08.05.2013. 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 part time 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
2009-10 (44 th AGM)	14 th September, 2010 at 9.00 a.m.	BHPV Board Room, Visakhapatnam
2010-11 (45 th AGM)	14 th September, 2011 at 9.00 a.m.	BHPV Board Room, Visakhapatnam
2011-12 (46 th AGM)	4 th September, 2012 at 10.00 a.m.	BHPV Board Room, Visakhapatnam

Code of Conduct

The Board of Directors has laid down the code of Business conduct and ethics for the Board members and Senior Management of the Company.

The code comprises:

- General Moral Imperatives;
- Specific professional Responsibilities and

- Specific Additional provisions for Board Members and Senior Management Personnel.

A copy of the said code has been placed on the website 'www.bhpvl.com'. All Board Members and Senior Management officials of the Company have affirmed their compliance with the code. A declaration to this effect is annexed to this Report.

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. A policy on Training of Directors has been approved by the Board.

Subsidiary Companies

The Company is a wholly owned subsidiary of BHEL. BHPV does not have any subsidiary company.

Plant Location

M/s. Bharat Heavy Plate & Vessels Ltd.,
Nathayapalem, Visakhapatnam-530012,
(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 have the mechanism of whistle blower policy. However, no personnel/employee having any grievance has been denied access to the Audit Committee.

The Company is complying with the requirements of the Guidelines on Corporate Governance for CPSEs issued by the DPE except the Composition of Board and could not constitute the Sub-Committees as Government of India is yet to fill up the vacancies of part time Non official Directors.

The Company always aims to present unqualified financial statements.

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 being a subsidiary company, as the Company is 100% subsidiary of BHEL.

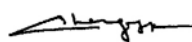
Means of Communication

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. The Company displays its annual Report on its website for the information. Being a Government company, the records of the company are open for Audit of C & AG and for inspections by Vigilance / CBI etc.

Declaration by Managing Director regarding compliance with the code of conduct by board members and senior management during the financial year 2012-13

I, C.P. Chengappa, Managing Director, Bharat Heavy Plate & Vessels Limited, do hereby declare that all the Members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the code of Business Conduct and Ethics of the Company during 2012-13.

Place : Visakhapatnam
Date : May 2, 2013


(C.P. Chengappa)
Managing Director

Auditors' Certificate on Corporate Governance

To

The Members,
M/S Bharat Heavy Plate & Vessels Ltd,
Visakhapatnam.

Sir,

We have examined the compliance of the conditions of the Corporate Governance by M/s Bharat Heavy Plate & Vessels Ltd, (the Company) for the year ended 31st March, 2013 as stipulated in the Department of Public Enterprises (DPE) Guidelines on Corporate Governance issued dated 14th 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 Corporate Governance. It is neither an audit nor an expression on opinion of the financial statement of the Company.

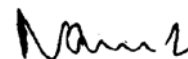
In our opinion and to the best of our information and according to the explanations given to us, subject to the following:

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 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 Grandhy & Co
Chartered Accountants
FRN No 001007S



(Naresh Chandra Gelli V.)

M.No: 201754

Partner

Place : New Delhi
Date : May 8, 2013

Annexure - 3 to the Directors' Report

Auditors' Report

To
**THE MEMBERS,
BHARAT HEAVY PLATE AND VESSELS LIMITED
VISAKHAPATNAM**

We have audited the accompanying financial statements of M/s Bharat Heavy Plate and Vessels Limited, which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the cash flow statement for the year ended and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting standards referred to sub section (3C) of the section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that gives a true and fair view and free of material mis-statements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India, those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

An audit involves performing procedures, includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

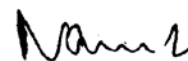
An audit also includes assessing the accounting principles / policies used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

- I. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India under sub- section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Note 33, 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, 2013,
 - (ii) In the case of Statement of Profit and Loss, of the **PROFIT** for the year ended as on that date, and
 - (iii) In the case of the cash flow statement, of the cash flows for the year ended as on that date.

For Grandhy & Co
Chartered Accountants
FRN No 001007S



(Naresh Chandra Gelli V.)

M.No: 201754

Partner

Place : New Delhi
Date : May 8, 2013

Annexure to the Auditors' Report

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

The annexure referred to in our report to the members of BHPV Ltd. for the year ended 31st March 2013. We report that

- i
 - (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) We are informed that management has generally carried out the physical verification of a portion of the fixed assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii
 - (a) As explained to us physical verification of inventory has been conducted by the management under perpetual inventory programme at regular intervals during the year except for stock of work in

progress and finished goods at few work site offices, where these are verified at the year end with reference to the inspection reports and production reports of the Erection Department. In regard to stocks lying with contractors / fabricators and other parties, confirmations were received in a few cases only. In our opinion the frequency of verification is reasonable.

- (b) In our opinion procedures of Physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company has maintained proper records of inventory and the discrepancies noticed on physical verification of inventory with regard to the size and nature of operation of the company were not material and have been properly dealt with in the books of account of the company.
- iii (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- (b) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (f) to (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company for the current year.
- iv In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services.
Further on the basis of our examination 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 We have broadly reviewed the books of accounts and records maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 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 and complete.

Management Reply: Statutory Cost Audit is under progress.

- 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, 2013 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	5.89 0.54	1 st Appellate Authority/ Dy. Commissioner/ commissioner Tribunal
2.	Central Excise Act, 1944	Excise duty	3.69 101.65	Commissioner (Appeals) CESTAT, Bangalore
3.	Service Tax under the Finance Act, 1994	Service Tax	19.16 1.45	Commissioner (Appeals) CESTAT, Bangalore
		Total	132.38	

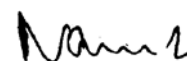
- x The company has accumulated losses amounting to ₹ 21809.79 Lakh as at March 31, 2013 and it has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or 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 ₹ 106.00 Lakh to 1 bondholder (previous year ₹ 5.00 Lakh to 1 bondholder), being full and final settlement. For the remaining unsecured bond holders liability towards principal and interest amounting to ₹ 564.95 Lakh (Principal- ₹ 99.50 Lakh plus Interest- ₹ 464.95 Lakh) 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 Grandhy & Co
Charatered Accountants
FRN No 001007S



(Naresh Chandra Gelli V.)

M.No: 201754

Partner

Place : New Delhi
Date : May 8, 2013

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT HEAVY PLATE & VESSELS LIMITED, VISAKHAPATNAM FOR THE YEAR ENDED 31 MARCH, 2013

The preparation of financial statement of Bharat Heavy Plate & Vessels Limited, Visakhapatnam for the year ended 31 March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 08 May, 2013.

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 Plate & Vessels Limited, Visakhapatnam for the year ended on 31 March, 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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



(N. Karunakaran)

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

**Place : Hyderabad
Date : 26 June, 2013**

Balance Sheet

As at 31st March, 2013

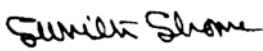
(₹ in Crore)

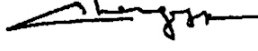
		Note	As at 31 st March, 2013		As at 31 st March, 2012	
Equity And Liabilities						
1	Shareholders' Funds					
	(a) Share Capital	1	3379.78		3379.78	
	(b) Reserves & Surplus	2	-21807.78	-18428.00	-25311.55	-21931.77
	Share Application money pending allotment			3400.00		3400.00
2	Non-current liabilities					
	Long-term borrowings	3	23497.81		21887.18	
	Deferred tax liabilities (Net)	12	0.00		0.00	
	Other Long term liabilities	4	1504.40		2522.47	
	Long-term provisions	5	1890.01		1118.10	
	Total Non-current liabilities			26892.22		25527.75
3	Current liabilities					
	Short-term borrowings	6	99.50		205.50	
	Trade payables	7	5223.71		4510.19	
	Other Current liabilities	8	13081.20		11772.84	
	Short-term provisions	9	1962.05		2344.23	
	Total Current Liabilities			20366.46		18832.76
	Total Equity & Liabilities			32230.68		25828.74
Assets						
1	Non Current Assets	10				
(a)	Fixed Assets					
	(i) Tangible Assets		391.56		438.00	
	(ii) Intangible Assets		4.27		11.09	
	(iii) Capital Work-in-progress		919.68		0.40	
	(iv) Intangible assets under development		0.00	1315.51	0.00	449.49
(b)	Non-current Investments	11	1.31		1.31	
(c)	Deferred tax assets (Net)	12	0.00		0.00	
(d)	Long-term loans and advances	13	256.21		274.04	
(e)	Other non-current assets	14	5361.12	5618.64	2315.38	2590.73
2	Current Assets					
(a)	Current Investments	15	0.00		0.00	
(b)	Inventories	16	5717.84		6699.86	
(c)	Trade Receivables	17	13560.57		11626.28	
(d)	Cash & cash equivalents	18	2793.24		1069.14	
(e)	Short Term Loans & Advances	19	3193.34		3366.34	
(f)	Other Current Assets	20	31.54	25296.53	26.90	22788.52
	Total			32230.68		25828.74
	Other Notes to Accounts:	33				

The accompanying Notes 1 to 20, 33 & 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

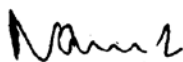

(Sunith Shome)
General Manager
(Finance)


(C.P. Chengappa)
Managing Director


(B. Prasada Rao)
Chairman

As per our report of even date

For Grandhy & Co
FRN No.: 001007S
Chartered Accountants


(Naresh Chandra G. V.)
M. No.: 201754
Partner

Place : New Delhi
Date : May 8, 2013

Statement of Profit and Loss

For the period ended 31 March, 2013

(₹ in Lakh)

	Note	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012	
I	Revenue from operations (Gross)	21	24026.85	15580.08
	Less: Excise duty & Service Tax		2432.71	1398.37
	Revenue from operations (Net)		21594.14	14181.71
II	Other Operational Income	22	234.33	504.44
III	Other Income	23	85.64	41.69
	Total Revenue		21914.11	14727.84
IV	Expenses			
	Accretion (Decretion) to WIP / FG	24	574.32	-432.09
	Consumption of Material, Erection & Engineering Expenses	25	9744.26	7649.03
	Employee Remuneration & Benefits Expense	26	5160.59	4787.30
	Other Expenses of Manufacture			
	Administration, Selling and Distribution	27	1498.39	1170.97
	Provisions (net)	28	1657.49	282.04
	Finance Costs	29	96.53	140.31
	Depreciation & Amortisation Expenses		93.11	102.35
	Less: Cost of Jobs done for internal use			
	Total Expenses		18824.69	13699.91
V	Profit/(Loss) before Prior period adjustments exceptional items and tax		3089.42	1027.93
VI	Add/Less : Exceptional items	30	414.35	16.24
VII	Add/Less: Prior period adjustments (net)	31	0.00	0.00
VIII	Profit (Loss) before Tax for the year		3503.77	1044.17
IX	Less: Tax expense	32	0.00	0.00
	Profit (Loss) after Tax for the year		3503.77	1044.17
	Profit (Loss) for the period from continuing operations		3503.77	1044.17

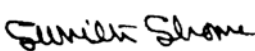
Other Notes to Accounts:

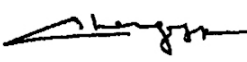
33-34

The accompanying Notes 21 to 34 & Significant accounting policies form an integral part of the Statement of Profit & Loss

For and on behalf of Board of Directors


(A.S.S. Sarma)
Company Secretary

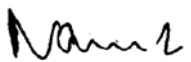

(Sunith Shome)
General Manager
(Finance)


(C.P. Chengappa)
Managing Director


(B. Prasada Rao)
Chairman

As per our report of even date

For Grandhy & Co
FRN No.: 001007S
Chartered Accountants


(Naresh Chandra G. V.)
M. No.: 201754
Partner

Place : New Delhi
Date : May 8, 2013

Cash Flow Statement

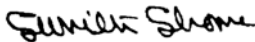
For the period ended 31.03.2013

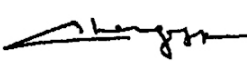
(₹ in Lakh)

Details	For the year ended on 31 st March, 2013	For the year ended on 31 st March, 2012
Cash Flow from Operating Activities		
Net Profit	3503.77	1044.17
Adjustments for		
Depreciation	93.11	102.35
Increase/Decrease in Inventory	982.02	-1442.77
Decrease in Loans & advances	383.25	3625.44
Increase/Decrease in Trade Receivables	-5087.08	-4275.00
Increase/Decrease in Trade Payables / Liabilities	1335.24	999.52
Increase/Decrease in Provisions	306.62	157.82
Total	-1986.84	-832.64
A Net cash flow from Operating Activities	1516.93	211.53
Cash flow from Investing Activities		
Purchase of Fixed Assets	-959.13	-110.94
Increase/Decrease in investments	0.00	0.00
B Net cash used in Investing Activities	-959.13	-110.94
Cash flow from Financing Activities		
Increase/ Decrease in Borrowings	1580.65	263.80
Interest Waiver (Extra Ordinary items)	-414.35	-16.24
C Net Cash generated from Finance Activities	1166.30	247.56
Net increase in cash and cash equivalents	1724.10	348.15
Cash and cash equivalents as at 1st April, 2012	1069.14	720.99
Cash and cash equivalents as at 31st March, 2013	2793.24	1069.14

For and on behalf of Board of Directors


(A.S.S. Sarma)
Company Secretary

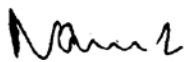

(Sunith Shome)
General Manager
(Finance)


(C.P. Chengappa)
Managing Director


(B. Prasada Rao)
Chairman

As per our report of even date

For Grandhy & Co
FRN No.: 001007S
Chartered Accountants


(Naresh Chandra G. V.)
M. No.: 201754
Partner

Place : New Delhi
Date : May 8, 2013

Note - 1 Share Capital

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Authorised :		
3,50,000 Equity Shares		
of ₹ 1,000/- each	3500.00	3500.00
Issued, Subscribed and Paid up Capital:		
3,37,978 (Previous year 3,37,978)		
Equity Shares of ₹ 1,000 each fully paid up		
(All the 3,37,978 Equity Shares	3379.78	3379.78
of ₹ 1,000/- each are held by the		
Holding Company, M/s.Bharat Heavy		
Electricals Limited, New Delhi		
and its nominee).		
Total	3379.78	3379.78

Note - 2 Reserves & surplus

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
(a) Capital Reserve		
Opening Balance	2.01	2.01
Add: Additions / Adjustments	0.00	0.00
Less: Deductions / Adjustments	0.00	0.00
	2.01	2.01
(b) Securities Premium A/c		
Opening Balance	0.00	0.00
Add: Additions / Adjustments	0.00	0.00
Less: Deductions / Adjustments	0.00	0.00
	0.00	0.00
(c) Foreign Project Reserve A/c		
Opening Balance	0.00	0.00
Add: Additions / Adjustments	0.00	0.00
Less: Deductions / Adjustments	0.00	0.00
	0.00	0.00
(d) Bond Redemption Reserve		
Opening Balance	0.00	0.00
Add: Additions / Adjustments	0.00	0.00
Less: Deductions / Adjustments	0.00	0.00
	0.00	0.00
(e) General Reserve		
Opening Balance	0.00	0.00
Add: Additions / Adjustments	0.00	0.00
Less: Deductions / Adjustments	0.00	0.00
	0.00	0.00
Profit / Loss for the year		
(Statement of Profit & Loss)	3503.77	1044.17
Balance of Profit (Loss) brought forward from last year	-25313.56	-26357.73
Foreign Project Reserved written back	0.00	0.00
Profit available for appropriation	-21809.79	-25313.56
Less: Appropriation	0.00	0.00
- Foreign Project Reserve	0.00	0.00
- Bond Redemption Reserve	0.00	0.00
- General Reserve	0.00	0.00
- Dividend	0.00	0.00
- Corporate Dividend Tax	0.00	0.00
	-21809.79	-25313.56
Total	-21807.78	-25311.55

Note - 3 Long-term borrowings

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Secured		
Debentures / Bonds	0.00	0.00
Loans from State Governments	0.00	0.00
Loans from Financial Institutions	0.00	0.00
Unsecured		
Public Deposits	0.00	0.00
Term Loans and Advances from		
Govt. of India	0.00	0.00
State Governments	0.00	0.00
Financial Institutions	0.00	0.00
Foreign Financial Institutions	0.00	0.00
Long term maturities of finance lease obligations		
Companies - (BHEL, Holding Company)	23497.81	21887.18
Credits for Assets taken on lease	0.00	0.00
	23497.81	21887.18

Note - 4 Other long-term liabilities

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Trade Payables	0.00	0.00
Advances Received from customers / others	1468.63	2486.70
Deposits	35.77	35.77
Total	1504.40	2522.47

Note - 5 Long-term provisions

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Contractual Obligations	1214.66	525.86
Provision for Employee Benefits	675.35	592.24
Others	0.00	0.00
	1890.01	1118.10

Note - 6 Short-term borrowings

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
<u>Unsecured</u>		
From Banks	0.00	0.00
Commercial Papers	0.00	0.00
Post shipment credit	0.00	0.00
Post shipment credit - EXIM Bank	0.00	0.00
From Others		
- from companies	0.00	0.00
- from financial institutions	0.00	0.00
Credits for Assets taken on lease	0.00	0.00
Others (Old Bonds)	99.50	205.50
Total	99.50	205.50

Note - 7 Trade payables

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Trade Payables	5223.71	4510.19
Total	5223.71	4510.19

Note - 8 Other current liabilities

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Current Maturities of finance lease obligation		
Acceptances	0.00	0.00
Advances Received from Customers & Others	2933.03	2815.12
Deposits from Contractors & Others	977.61	921.06
Unclaimed Dividend	0.00	0.00
Other Payables / Liabilities	8705.61	7233.38
Interest Accrued but not due	0.00	12616.25
<u>Interest Accrued & due on Loans from</u>		
State Governments	0.00	0.00
Financial Institutions, Bonds & Others (old bonds)	464.95	803.28
Packing Credit	0.00	0.00
<u>Interest Accrued & due on</u>		
Post Shipment Credit	0.00	0.00
Government Loans	0.00	0.00
State Government Loans	0.00	0.00
Credit for Assets taken on Lease	0.00	0.00
Financial Institutions & Others	0.00	0.00
Foreign Financial Institutions	0.00	0.00
Public Deposits	0.00	0.00
Total	13081.20	11772.84

Note - 9 Short-term provisions

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Dividends	0.00	0.00
Corporate Dividend Tax	0.00	0.00
Contractual Obligations	314.16	752.54
Retirement Benefits	0.00	0.00
Others	1647.89	1591.69
Total	1962.05	2344.23

Note - 10 Fixed assets

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
<u>(i) Tangible Assets</u>		
Gross Block	8243.60	8203.75
Less: Accumulated Depreciation	7852.04	7765.75
Less: Accumulated Impairment	0.00	0.00
Less: Lease Adjustment Account		
Net Block	391.56	438.00
<u>(ii) Intangible Assets</u>		
Gross Block	60.26	60.26
Less: Accumulated Depreciation / Impairment	55.99	49.17
Net Block	4.27	11.09
<u>(iii) Capital Work in Progress</u>		
Construction Work in Progress Civil	0.00	0.00
Construction Stores (Including in Transit)	0.00	0.00
Plant & Machinery and other Equipments		
-Under Erection / Fabrication / Awaiting Erection	919.68	0.40
-In Transit	0.00	0.00
-Leased Assets under Erection	0.00	0.00
-Intangible Assets under development	0.00	0.00
Total	1315.51	449.49

Note - 10A Fixed Assets Details

(₹ in Lakh)

Particulars	Gross Block			Total Cost as at 31.03.2013	Depreciation			Net Block		
	Cost as at 31.03.2012	Additions/ adjustments during the year	Deductions/ adjustments during the year		Depn. Opening Bal. as at 01.04.2012	"Depn. Adjusts"	Accumulated Depreciation as at 31.03.2013	As at 31.03.2013	As at 31.03.2012	Depn. for the year
Factory / Office Complex										
Free Hold land (incl dev exp)	16.41			16.41	0.00		0.00	16.41	16.41	
Lease Hold land (incl dev exp)										
Roads, Bridges, Culverts	24.82			24.82	17.13		17.53	7.28	7.69	0.40
Buildings	979.43			979.43	880.17		891.45	87.98	99.26	11.28
Leasehold Buildings										
Drainage, sewerage, water supply	44.23			44.23	37.10		38.05	6.18	7.13	0.95
Railway sliding	18.38			18.38	18.38		18.38	0.00	0.00	
Locomotives & wagons	16.61			16.61	16.61		16.61	0.00	0.00	
Plant & Machinery	5247.83	37.10		5284.93	5057.36		5105.86	179.07	190.47	48.50
Electronic data processing equipment	463.18	1.23	-60.26	404.16	451.06	-49.17	402.89	1.26	12.12	1.00
Electrical installations	151.97			151.97	151.97		151.97	0.00	0.00	
Construction Equipment	442.68			442.68	442.68		442.68	0.00	0.00	
Vehicles	55.86			55.86	50.68		51.69	4.18	5.18	1.01
Furniture & Fixtures	218.17	1.52		219.69	208.98		214.13	5.56	9.19	5.15
Assets taken on lease										
- Plant & Machinery										
- EDP Equipment	91.05			91.05	41.46		56.80	34.25	49.59	15.34
Intangible Assets										
-Internally developed										
- Software										
- Others										
Others										
-Software	0.00		60.26	60.26	0.00	49.17	55.99	4.26	0.00	6.82
-Technical knowhow										
-Others										
TOTAL (A)	7770.63	39.85	0.00	7810.48	7373.58	0.00	7464.04	346.44	397.05	90.46
Township										
Free Hold land (incl dev exp)	7.68			7.68	0.00		0.00	7.68	7.68	0.00
Lease Hold land (incl dev exp)										
Roads, Bridges, Culverts	20.05			20.05	10.25		10.58	9.48	9.80	0.33
Buildings	387.50			387.50	366.93		367.90	19.60	20.57	0.97
Leasehold Buildings										
Drainage, sewerage, water supply	21.57			21.57	18.80		19.20	2.37	2.77	0.40
Plant & Machinery										
Electronic data processing equipment										
Electrical installations	47.39			47.39	36.17		37.13	10.26	11.22	0.96
Vehicles										
Furniture & Fixtures	9.19			9.19	9.19		9.19	0.00	0.00	
TOTAL (B)	493.38	0.00	0.00	493.38	441.34	0.00	443.99	49.39	52.04	2.65
TOTAL (A)+(B)	8264.01	39.85	0.00	8303.86	7814.92	0.00	7908.03	395.83	449.09	93.11
Previous Year	8153.47	110.54	0.00	8264.01	7712.57	0.00	7814.92	449.09	460.91	102.35

Note - 11 Non-current investments

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Long-term		
Shares		
Un-quoted (fully paid up)		
<u>Trade</u>		
490 Equity shares of ₹ 10/- 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 Cooperative Stores Limited	0.02	0.02
10 Shares of ₹ 50/- each (fully paid up) in Cuffe Parade Persopolis Premises Cooperative Soccity Ltd, Mumbai	0.01	0.01
20 Shares of ₹ 50/- each (fully Paid up) in Hill View Cooperative Housing Soccity 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	0.00
	0.05	0.05
Total	1.31	1.31

Note - 12 Deferred tax assets (Net)

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Provisions	0.00	0.00
Statutory Dues	0.00	0.00
Modvat Adjustment	0.00	0.00
Others	0.00	0.00
	0.00	0.00
Deferrred Tax liabilities		
Depreciation	0.00	0.00
Others	0.00	0.00
	0.00	0.00
Net Deffered Tax Assets	0.00	0.00

Note - 13 Long-term loans and advances

(₹ in Lakh)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
Advances for Capital Expenditure	0.00		0.00	
Deposits	117.33		117.33	
Advances to Employees	138.56		156.39	
Interest accrued and due on loans	0.00		0.00	
Others	0.00	255.89	0.00	273.72
<u>Advance (Recoverable in cash or kind or value to be received)</u>				
For purchases	0.00		0.00	
To Others	0.00	0.00	0.00	0.00
<u>Deposits</u>				
Balance with Customs, Port Trust, Other Govt. Authorities	0.00		0.00	
With others	0.32	0.32	0.32	0.32
		256.21		274.04
Less : Provision		0.00		0.00
		256.21		274.04
Sub classification:				
Secured, Considered good		0.00		0.00
Unsecured, Considered good		256.21		274.04
Doubtful		0.00		0.00

Note - 14 Other non-current assets

(₹ in Lakh)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
Long Term Trade Receivables	5361.12		2315.38	
Less: Provisions for bad and doubtful debts	0.00		0.00	
Less: Automatic Price Reduction Adjustment a/c	0.00	5361.12	0.00	2315.38
Total		5361.12		2315.38
Sub classification:				
Secured, Considered good		0.00		0.00
Unsecured, Considered good		5361.12		2315.38
Doubtful		0.00		0.00

Note - 15 Current investments

(₹ in Lakh)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
Current				
Unquoted (Fully Paid up)		0.00		0.00
Other than trade		0.00		0.00
Total		0.00		0.00

Note - 16 Inventories

(₹ in Lakh)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
Stores and Spares:				
-Production	427.02		407.43	
-Fuel Stores	27.85		16.01	
-Miscellaneous	294.30	749.17	241.74	665.18
Raw material & Components		4033.47		4665.26
Materials-in-transit		162.56		51.21
Materials with Fabricators/Contractors		0.00		0.00
Loose Tools		22.21		21.47
Scrap (Estimated realisable value)		379.11		337.14
Finished Goods		110.57		18.59
Work-in-progress (Including items with sub contractors)		1329.00		1995.30
		6786.09		7754.15
Less: Provision for non moving inventory		1068.25		1054.29
Total		5717.84		6699.86

@ Valued as per Significant Accounting Policy Number 9

Note - 17 Current trade receivables

(₹ in Lakh)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
-Debts outstanding for a period exceeding 6 months	11816.05		12096.51	
-Other Debts	9283.83		5734.34	
	21099.88		17830.85	
Less: Provision for Doubtful Debts	7539.31		6204.57	
Less: Automatic price reduction adjustment A/c	0.00	13560.57	0.00	11626.28
Total		13560.57		11626.28
Current Trade Receivables include Deferred debts ₹ 236.92 Lakh (Previous year ₹ 2075.84 Lakh)				
Current Trade Receivables include Goods dispatched pending billing ₹ NIL (Previous year ₹ NIL)				
Particulars of Current Trade Receivables				
Secured, Considered Good		0.00		0.00
Unsecured, Considered good		13560.57		11626.28
Doubtful		7539.31		6204.57

Note - 18 Cash and cash equivalents

(₹ in Lakh)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
Cash and Stamps in hand		8.14		2.28
Cheques and Demand Drafts in Hand		0.00		244.05
Remittances in Transit		0.00		0.00
Balances with Scheduled Banks:				
Current A/c	1637.85		294.06	
Deposit A/c	1147.25		528.75	
Deposits more than 12 months maturity period	0.00	2785.10	0.00	822.81
Total		2793.24		1069.14

Note - 19 Short-term loans and advances

(₹ in Lakh)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
<u>Loans</u>				
Loans to Employees	0.00		0.00	
Material Issued on Loan	0.00		0.00	
Loans to Others	0.00		0.00	
Loans to PSUs	0.00		0.00	
Interest accrued and or due on loans	0.00	0.00	0.00	0.00
<u>Advances</u> (Recoverable in cash or in kind or for value to be received)				
To Employees	120.50		113.41	
For Purchases	2276.76		2204.25	
To Others	3219.11	5616.37	2905.86	5223.52
<u>Deposits</u>				
Balance with Customs, Port Trust, Other Govt. Authorities	201.84		802.95	
Inter Corporate Deposits / Loans	0.00		0.00	
Interest accrued on Inter Corporate Deposits / Loans	0.00		0.00	
With others	253.58		263.72	
Advance Tax / TDS (net of provision for taxation)	93.69	549.11	55.65	1122.32
		6165.48		6345.84
Less: Provision for doubtful loans and advances		2972.14		2979.50
		3193.34		3366.34
Particulars of Loan and Advances				
Secured, Considered good		0.00		0.00
Unsecured, Considered good		3193.34		3366.34
Doubtful		2972.14		2979.50

Note - 20 Other current assets

(₹ in Lakh)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Interest Accrued on Bank Deposits & Investments	31.54	26.90
Rent Receivable on Leased Assets	0.00	0.00
Less: Unearned Finance Income	0.00	0.00
Total	31.54	26.90

Note - 21 Revenue from operations

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Sales less returns	21820.46	13740.14
Income from external erection & other services	2206.39	1839.94
Revenue from works contract	0.00	0.00
Assets Given on Finance Lease	0.00	0.00
Total	24026.85	15580.08

Note - 22 Other operational income

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Export Incentives	0.00	0.00
Rental Income on leased assets	0.00	0.00
Lease equalisation A/c	0.00	0.00
Finance income on assets given on finance lease	0.00	0.00
Scrap	45.58	211.12
Receipts from sale / transfer of surplus stock	0.00	0.00
Others	188.75	293.32
Total	234.33	504.44

Note - 23 Other income

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
<u>(A) Other Income</u>		
Profit on sale of Units or Bonds	0.00	0.00
Profit from sale of fixed assets & capital stores (Net Cr.)	0.00	0.00
Dividend on investments (Long term-trade)	0.01	0.01
Exchange variation (Cr. Balance)	0.00	0.00
Others (including grants from GOI or R&D projects)	0.00	0.00
<u>(B) Interest Income*</u>		
From customers	0.00	0.00
From employees	0.00	0.00
From banks	85.63	41.68
From Investments (Current. Other than trade)	0.00	0.00
Others	0.00	0.00
*(TDS ₹ 2.22 Lakh (Previous Year ₹ 1.72 Lakh))		
Total	85.64	41.69

Note - 24 Accretion / (Decretion) to WIP & FG

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
A. Work-in-Progress				
Closing balance	1329.00		1995.30	
Opening balance	1995.30	-666.30	1570.45	424.85
B. Stock of Finished Goods:				
Closing balance	110.57		18.59	
Opening balance	18.59	91.98	11.35	7.24
Total (A+B)		-574.32		432.09
Note:				
<u>Element of Excise Duty in Finished Goods:</u>				₹ Lakh
Closing Stock		12.16		0.00
Opening Stock		0.00		0.00

Note - 25 Consumption of material, erection and engineering expenses

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Consumption of Raw Materials & Components	9297.06	7115.22
Consumption of Stores & spares	276.23	224.42
Erection & engineering Expenses - payment to sub contractors	170.97	309.39
Total	9744.26	7649.03

Note - 26 Employees remuneration & benefits expense

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Salaries, Wages, Bonus, Allowances and Other benefits	3804.16	3552.70
Contribution to gratuity fund	240.70	189.81
Contribution to Provident Fund and Other funds	303.69	279.63
Group Insurance	0.00	0.00
Staff Welfare Expenses	812.04	765.16
Total	5160.59	4787.30

Note - 27 Other expenses of manufacture, administration, selling and distribution

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Resident Consultant Charges	0.00	0.00
Royalty, Technical Documentation & other consul. charges	0.00	0.00
Rent	0.00	0.00
Excise Duty	16.78	25.17
Power & fuel	470.08	364.67
Rates & taxes	113.07	7.32
Service Tax	0.00	0.00
Exchange Variation (Dr Balance)	0.11	0.00
Insurance	11.03	10.01
Repairs:		
Buildings	158.38	75.21
Plant & Machinery	82.22	39.70
Others	32.91	19.72
Other expenses in connection with export orders	0.00	0.00
Loss on investments written off	0.00	0.00
Bad Debts written off during the year	0.00	0.00
Carriage outward	53.09	120.45
Travelling & Conveyance	49.40	44.86
Miscellaneous expenses	511.32	463.86
Cash Discount	0.00	0.00
Liquidated Damages charged off	0.00	0.00
Guarantee Fee	0.00	0.00
Price diff. on transfer of stores to divisions under construction	0.00	0.00
Donations	0.00	0.00
Corporate Social Responsibility	0.00	0.00
Loss / premium on redemption of bonds	0.00	0.00
Loss on sale of capital stores /fixed assets (Net Dr)	0.00	0.00
Total	1498.39	1170.97

Note - 28 Provisions (Net)

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
Doubtful Debts, Liquidated damages and Loans & Advance				
Created During the year	1334.74		0.00	
Less: Written back during the year	0.00	1334.74	0.00	0.00
Contractual Obligations				
Created During the year	596.60		311.64	
Less: Written back during the year	346.18	250.42	154.88	156.76
Others				
Created During the year	72.33		125.28	
Less: Written back during the year	0.00	72.33	0.00	125.28
Total		1657.49		282.04

Note - 29 Finance costs

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
Interest on:				
Bonds / Debentures / Central / State Govt. Loans		76.01		135.85
Banks / Financial Institutions / Borrowings		0.00		0.00
Deferred Credits		0.00		0.00
Foreign Financial Institutions		0.00		0.00
Others		20.52		4.46
Other Borrowing Costs		0.00		0.00
		96.53		140.31
Less: Borrowing Costs Capitalised		0.00		0.00
Total		96.53		140.31

Note - 30 Exceptional items

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
Income				
Waiver of Interest on settlement of old bonds		414.35		16.24
Expenditure		0.00		0.00
Exceptional Items (Net)		414.35		16.24

Note - 31 Prior period items

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
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		0.00	
Misc. expenses	0.00	0.00	0.00	0.00
Prior period adjustments (Net)		0.00		0.00

Note - 32 Tax expense

(₹ in Lakh)

Particulars	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
For Current Year				
- Current Tax		0.00		0.00
- Deferred Tax		0.00		0.00
For Earlier Year				
- Tax		0.00		0.00
- Deferred Tax		0.00		0.00
Total		0.00		0.00

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. Use of Estimates

The preparation of Financial Statement in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the income and expenditure during the reporting period and the assets and liabilities including contingent liabilities at the date of financial statements. The difference between actual results and estimates are recognized in the period in which results are known.

3. 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 and impairment, if any.
- (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.

4. Finance Lease

(A) Assets Given on Lease

- a) Assets manufactured and given on finance lease are recognized as sales at normal sale price / fair value / NPV.
- b) Finance income is recognized over the lease period.

- c) Initial direct costs are expensed at the commencement of lease.

(B) Assets Taken on Lease

- (a) Assets taken on lease are capitalized at fair value / NPV / contracted price.
- (b) Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on 'Depreciation'. If the lease assets are returnable to the lessor on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter.
- (c) Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

(C) Operating Lease

- (a) Assets Given on Lease: Assets manufactured and given on operating lease are capitalized. Lease income arising there from is recognized as income over the lease period.
- (b) Assets Taken on Lease: Lease payments made for assets taken on operating lease are recognized as expense over the lease period.

5. Intangible Assets

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
- (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.

- (a) Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to statement of profit and loss 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.

6. Borrowing Costs

- (a) Borrowing costs that are attributable to the manufacture, acquisition or construction of qualifying assets, are included as part of the cost of such assets.
- (b) A qualifying asset is one that necessarily takes more than twelve months to get ready for intended use or sale.
- (c) Other borrowing costs are recognized as expense in the period in which they are incurred.

7. 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%
<u>Automatic/Semi-Automatic machines</u>			
Automatic Machines	10%	15%	20%
Erection Equipment, capital Tools Tackles	20%		
<u>Township Buildings</u>			
– Second Class	2.5 %		
–Third Class	3.5 %		
Railway Slidings	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.

8. 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 Statement of Profit & Loss.

9. 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 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.

10. Revenue Recognition

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

- a. For construction contracts entered into on or after 1.04.2003
Revenue is 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 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, the 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
Percentage of completion or the intrinsic value, reckoned at 97.5% of contract value, 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-BHPV equipments/systems and civil works is recognized based on dispatches to customer/work done at project site.

11. 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.

12. Translation of Financial Statements of Integral Foreign Operations

- (i) Items of income and expenditure are translated at average rate except depreciations, 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 was determined.
- (iii) All translation variances are taken to statement of profit and loss.

13. 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. Compensation under Voluntary Retirement Scheme is charged off in the year of incurrence on a pro-rata monthly basis.

14. 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.

15. 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.

16. 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.

17. Taxes on Income

Current tax is determined on the basis of taxable income in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability/asset resulting from timing difference between accounting income and taxable income is recognized considering the tax rate and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax asset is accounted for and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realized such assets.

18. Impairment

The carrying amount of cash generating units is reviewed at each balance sheet date where there is any indication of impairment. An impairment loss is recognized in the statement of profit and loss where the carrying amount exceeds the recoverable amount of the cash generating units. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

19. Segment Reporting

Segment reporting is in line with the accounting policies of the company. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "unallocated revenue/ expenses/ assets/ liabilities".

Note : 33

Notes Forming Part of Balance Sheet and Statement of Profit & Loss

1. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for are ₹ 9511.00 Lakh (previous year ₹ 1111.00 Lakh). 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 statement of profit & Loss is ₹ 3.13 Lakh. This includes ₹ 1.90 Lakh of depreciation provided on additions each valuing up to ₹ 10000/-
4. Sales less returns:
 - (a) Includes based on provisional prices ₹ Nil (Previous Year ₹ NIL)
 - (b) Includes additional claim for dispatches made in earlier year in accordance with price settlement with Railways during the year ₹ Nil (Previous Year ₹ NIL).
 - (c) Escalation claims raised ₹ NIL (Previous Year ₹ NIL) and Escalation claims on accrual basis ₹ NIL (Previous Year ₹ NIL)
 - (d) Dispatches of equipment valued at ₹ 459.55 Lakh (Previous Year ₹ 107.04 Lakh) held on behalf of customers at their request for which payment received by the company
 - (e) Excludes for price reduction (net of refund) due to delay in delivery as per the terms of the contract ₹ NIL (previous year ₹ NIL)
5. Contingent Liabilities :

Claims against the company not acknowledged as debts include –

 - (a) Income Tax Appeals – ₹ 31.56 Lakh department appeals relate to DTA cases pending in High Court, AP (Previous Year ₹ 31.56 Lakh) against which an amount of ₹ NIL was paid under protest/ adjusted from refunds (Previous Year ₹ NIL).
 - (b) Sales Tax Demands - ₹ 1377.85 Lakh (Previous Year ₹ 1528.51 Lakh), against which ₹ 734.69 Lakh was paid under protest/Court orders (Previous Year ₹ 760.08 Lakh)
 - (c) Excise duty demands – ₹ 10533.75 Lakh (Previous Year ₹ 10456.06 Lakh), against which an amount of ₹ 538.83 Lakh was paid under protest/ Court orders (Previous year ₹ 279.85 Lakh)
 - (d) Custom duty demands – ₹ NIL (Previous year – ₹ NIL)
 - (e) Court/Arbitration cases – ₹ 2018.65 Lakh (Previous Year – ₹ 3194.66 Lakh)
 - (f) Liquidated damages – ₹ 504.30 Lakh (Previous year – ₹ 1084.23 Lakh)
 - (g) Counter Claim by contractors – ₹ NIL (Previous year – ₹ NIL)
 - (h) Service Tax demands – ₹ 2061.31 Lakh (Previous Year ₹ 1913.71 Lakh), against which an amount of ₹ NIL was paid under protest/ Court orders (Previous year ₹ NIL)
 - (i) Others (including disputed staff cases, wage arrears of employees and English Medium School staff) – ₹ 10218.91 Lakh (Previous Year ₹ 10218.91 Lakh)
 - (j) Bank Guarantees outstanding as on 31.03.2013 – ₹ 386.55 Lakh (Previous Year ₹ 194.79 Lakh) as per AS-29 guidelines.
 - (k) Corporate guarantees outstanding as on 31.03.2013 – ₹ 1725.21 Lakh (Previous Year ₹ 1175.29 Lakh). In addition, a corporate guarantee for ₹ 957.32 Lakh given by BHEL on behalf of BHPV in favor of RCF, Thal towards performance guarantee.
6. Balances shown under trade receivables, trade payables, contractor's advances, deposits and stock/materials lying with sub-contractors/ fabricators are subject to confirmation, reconciliation & consequential adjustment, if any. The re-conciliation is carried out on ongoing basis & provisions wherever considered necessary have been made in line with the guidelines.

7. Details regarding rentals in respect of assets taken on lease prior to 1.4.2001 are ₹ NIL (Previous Year ₹ NIL)
8. The amount of borrowing costs capitalized during the period are ₹ NIL (Previous Year ₹ NIL)
9. Details of assets taken on lease on or after 1st April 2001 are given below:

Sl. No.	Description	Year	Value capitalized
1	Computers / Peripherals	2009-10	₹ 34.24 Lakh
2	Computers / Peripherals	2010-11	₹ 56.81 Lakh
3	Computers / Peripherals	2011-12	₹ NIL
4	Computers / Peripherals	2012-13	₹ NIL

10. In line with the guidance note on AS-15 (revised), the company has got the actuarial valuation of Gratuity and Leave Salary.

The Company has accounted the leave encashment expenditure with 30 days a month as base for computation of encashment of leave as per specific instructions from DPE on the subject.

11. Provision/contingent liability for liquidated damages and provision for contractual obligations are provided/ withdrawn as per the advice of the Commercial Department.
12. The details of Research & Development Expenditure incurred during the year which is deductible under section 35 (2AB) of the Income Tax Act, 1961.

Capital Expenditure

Land	: ₹ NIL (Previous Year ₹ NIL)
Building	: ₹ NIL (Previous Year ₹ NIL)
Plant and Machinery	: ₹ NIL (Previous Year ₹ NIL)

Revenue Expenditure

Salaries & Wages	: ₹ NIL (Previous Year ₹ NIL)
Material	: ₹ NIL (Previous Year ₹ NIL)
Consumables/ spares	
Manufacturing & Other Expenses	: ₹ NIL (Previous Year ₹ NIL)

Total Revenue : ₹ NIL (Previous Year ₹ NIL)
Expenditure

13. Related party Transactions as per AS18 –

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 C.P. Chengappa, Managing Director, BHPV Limited (with effect from 12.04.2013)

Shri A.S. Nagaraja, Managing Director, BHPV Limited (up to 30.04.2012)

Shri P.V. Sridharan, Director (HR), BHPV Limited (up to 31.07.2012)

(₹ in Lakh)

Sl. No.	Nature of Transactions	Holding Company i.e. BHEL	BHEL EML (Subsidiary of BHEL)	Key Management Personnel
1	Purchase of goods	1064.09	165.98	-
2	Sale of goods	22264.85		-
3	Trade Receivables	12862.28		-
4	Advance against orders	894.13		-
5	Share Capital Advance	3400.00		-
6	Current Trade Payables	-	102.91	-
7	Other Liability	2.43		-
8	Loans / Advances Taken	23497.81		-

- C) As at 31.03.2013, Eleven Holding Company deputed executives are working in BHPV. The salaries and other costs are borne by Holding company and not debited to BHPV statement of P&L.

14. (a) Expenditure on departmental Repair &

Maintenance which are as under:

Plant & Machinery	: ₹ 97.25 lakh (Previous Year ₹ 54.59 Lakh)
Buildings	: ₹ 83.74 lakh (Previous Year ₹ 77.01 Lakh)
Others	: ₹ 181.95 lakh (Previous Year ₹ 182.43 Lakh)

- (b) Agency Commission on exports included in expenses in connection with exports ₹ NIL (previous year ₹ NIL)
- (c) Expenditure on research & development ₹105.09 Lakh (previous year ₹ 100.07 Lakh)
- (d) Rent Residential ₹ NIL (previous year ₹ NIL)
- (e) Payment to the Auditors

(₹ in Lakh)

	2012-13	2011-12
As Auditor	1.33	1.33
Taxation matters	0.25	0.25
Co. Law matters	NIL	NIL
Management services	NIL	NIL
Other services	0.15	0.28
Reimbursement of expenses	NIL	0.04

- (f) Payment to Cost Auditors: ₹ 0.45 Lakh (previous year ₹ NIL)
- (g) Expenditure on entertainment: ₹ 5.88 Lakh (previous year ₹ 5.06 Lakh)
- (h) Expenditure on foreign travel

(₹ in Lakh)

	2012-13	2011-12
No. of tours	NIL	NIL
Expenditure in Rupees	NIL	NIL

- (i) Expenditure on Publicity and Public Relations

(₹ in Lakh)

	2012-13	2011-12
Salaries allowances & other benefits	28.00	29.12
Other expenses	14.34	18.03

- (j) Director's Fees: ₹ 0.09 Lakh (previous year ₹ 0.22 Lakh)

15. 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 the year

- (a) Contract revenue recognized for the year ₹ 13717.83 Lakh (Previous Year ₹ 10203.60 Lakh)
- (b) Aggregate amount of Cost incurred and recognized profit (less recognized losses) ₹ 45303.34 Lakh (Previous year ₹ 29973.10 Lakh)
- (c) Amount of advance received ₹ 891.13 Lakh (previous year ₹ 1569.70 Lakh)
- (d) Amount of retentions (deferred debts) ₹ 5700.57 Lakh (Previous year ₹ 4457.33 Lakh)
- (e) In respect of dues from customers after appropriate netting off -

Gross amount due from customers for the contract work as an asset ₹ 14038.69 Lakh (Previous year ₹ 6067.03 Lakh)

Gross amount due to customers for the contract work as a liability ₹ NIL (Previous year ₹ 223.47 Lakh)

- (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 (revised) Construction contracts are reviewed and updated periodically during the year by a committee and necessary adjustments are made in the current year's account. It is impracticable to quantify the amount of change in estimates.

16. Remuneration paid/payable to Directors (including Chairman and Managing Director)

Salaries & Allowances	: ₹ NIL (previous year ₹ NIL)
Contribution to PF	: ₹ NIL (previous year ₹ NIL)
Contribution to Gratuity fund	: ₹ NIL (previous year ₹ NIL)
Others	: ₹ NIL (previous year ₹ NIL)

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

17. The Disclosure relating to Derivative Instruments–
NIL (Previous Year NIL)
18. The disclosure relating to suppliers under Micro and Small Enterprise Development Act, 2006. The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2013 as micro, small or medium enterprises. Consequently, the amount paid/payable to these parties during the year is ₹ NIL.

19. The disclosure relating to Accounting Standard -29

Liquidated Damages (Total)	2012-13	2011-12
Opening	3318.13	3029.45
Additions	284.77	295.81
Usage/ Write off/payment	0.00	7.13
Withdrawal/adjustments	0.00	0.00
Closing Balance	3602.90	3318.13
Contractual Obligation (Total)		
Opening	1278.40	1121.64
Additions	596.59	311.64
Usage/ Write off/payment	0.00	0.00
Withdrawal/adjustments	346.18	154.88
Closing Balance	1528.81	1278.40

- (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 point no. 5 of Note no. 33.

- (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.

20. Previous year's figures have been rearranged/ regrouped wherever practicable to make them comparable to current year's presentation and rounded off to the nearest thousand rupees.
21. Liability due to micro and small enterprises has been determined on the basis of database of such undertakings created by units/divisions based on the responses received from suppliers/sub-contractors as to their status and is given below:

	2012-13	2011-12
	₹ Lakh	₹ Lakh
Total outstanding dues of Micro & Small Enterprises	NIL	NIL

22. Revenue recognition as per Significant accounting policy No: 10A, has been carried out in respect all relevant orders.

23. (a) The disclosure requirement of Accounting Standard 5 was properly complied with.

- (b) 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 ₹ 1433.21 Lakh (Previous year ₹ 1530.27 Lakh) is provided towards Gratuity and ₹ 734.08 Lakh (Previous year ₹ 643.74 Lakh) is provided towards Leave Salary. The calculation of Gratuity and Leave Salary 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	1530.37	643.74
2	Interest Cost	122.44	51.49
3	Current Service Cost	60.68	26.92
4	Benefits Paid	-(338.06)	-(224.27)
5	Actuarial (Gains) / Losses on Obligation	57.57	236.19
6	Closing Defined Benefit Obligation	1433.21	734.07

- (c) 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.
- (d) Accounting Standard 20 – Computation of Earnings per share (EPS) is as below:

(₹ in Lakh)

Sl. No.	Description	2012-13	2011-12
1	No. of Shares	337978 Nos	337978 Nos
2	Profit / Loss before considering Extra Ordinary Items	3089.42	1027.93
3	EPS before considering Extra Ordinary Items	0.009	0.003
4	Profit / Loss after considering Extra Ordinary Items	3503.77	1044.17
5	EPS after considering Extra Ordinary Items	0.10	0.0031

- (e) Accounting Standard 22 - In the absence of certainty on the availability of future taxable income, the deferred tax asset / liability is not recognized.
- (f) Accounting Standard 27 – The Company does not have any Joint Ventures.
- (g) 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.
- (h) Foreign Exchange Inflow & Outflow: Foreign Exchange Inflow is ₹ NIL (Previous Year ₹ NIL). Foreign Exchange Outflow is ₹ 363.07 Lakh (Previous Year ₹ 71.85 Lakh) towards import of Raw Material/ Services/ MIT/Others.
- (i) 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.

- (j) 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 Trade Receivables.
- (k) No amount is paid/ payable by the Company under Section 441 A 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.

24. Item of expense and income less than ₹ One Lakh is not considered for booking under prior period Items.
25. The Company has changed its Accounting Policy in line with holding company policy, in respect of Use of Estimates, Translation of Financial Statements of Integral Foreign Operations, Taxes on Income, Impairment and Segment Reporting during the year. The impact on account of change of accounting policies on Statement of Profit & Loss is NIL.
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 until 2010-11.

However as per the observation of Management Committee (consisting of Managing Director-BHPV, Special Director appointed by BIFR and Representative of Monitoring Agency), the amount of ₹ 34.00 Crore received towards Additional Share Capital is accounted as Share

Capital – Pending Allotment during the year 2011-12. The same status is continuing even in 2012-13.

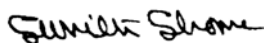
27. During the year 2012-13, GOI has considered the proposal of merger of BHPV with BHEL and accorded its approval as per the communication

received from DHI vide letter No. F.No. 1(17)/2010-P.XI dated 06.03.2013. The formalities of making application to BIFR and other formalities are under process.

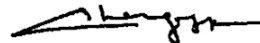
For and on behalf of Board of Directors



(A.S.S. Sarma)
Company Secretary



(Sunith Shome)
General Manager
(Finance)



(C.P. Chengappa)
Managing Director



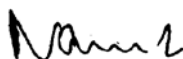
(B. Prasada Rao)
Chairman

As per our report of even date

For Grandhy & Co

FRN No.: 001007S

Chartered Accountants



(Naresh Chandra Gelli V.)

M. No.: 201754

Partner

Place : New Delhi

Date : May 8, 2013

Note - 34

Quantitative & Other Data as Classified and Certified by Management for 2012-13

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	14 (765)	472 (1134)	0 (2)	0 (11)	2 (2)	11 (11)
ii) Cryogenic Plant & Vessels	703 (897)	2528 (2533)	0 (0)	0 (0)	0 (0)	0 (0)
iii) Boiler & Components	10834 (6673)	21027 (11913)	164 (32)	111 (8)	32 (0)	8 (0)
Total	11551 (8335)	24027 (15580)	164 (34)	111 (19)	34 (2)	19 (11)

Note: Figures in brackets indicate previous year's figures

2. Raw Material, Components and Stores & Tools Consumed

	2012-13		2011-12	
	Qty	Value (₹ in Lakh)	Qty.	Value (₹ in Lakh)
A. Raw Material and Components:				
1. CS Plates (in tonnes)	4821	2132	4082	2222
2. SS Plates (in tonnes)	48	143	162	405
3. CS Tubes (in meters)	113510	1201	123781	829
4. SS Tubes (in meters)	7649	49	5346	150
5. HE Tubes (in numbers)	2381	87	972	21
6. Other Iron & Steel Material including components.		5685		3487
Total A:		9297		7115
B. Stores & Loose Tools		276		224
Total (A + B)		9573		7339

		(₹ in Lakh)	
		2012-13	2011-12
3. (A) Value of imports (CIF)			
A. Raw Materials & Components		348	74
B. Materials in transit		0	6
Spares		21	5
Capital Goods		11	0
(B) Expenditure in Foreign Currency (including provision)			
Royalty		0	0
Engineering Fees		0	0
Know-how		0	0
Other Matters		13	0
(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		410	61
2. Value of indigeneous material including components & spares consumed during the year		9163	7278
Total		9573	7339
Percentage of item (1) to total consumption		4.28	0.83
Percentage of item (2) to total consumption		95.72	99.17
(D) Amount remitted in foreign currencies on account of dividends		Nil	Nil
(E) Earnings in foreign exchange			
Supplies - (FOB)		0	0
Services		0	0

BHEL Electrical Machines Limited

Directors' Report

Dear Members,

Your Directors have pleasure in presenting before you the second Annual Report of your company. Your company has recorded an increase in turnover of around 25.52% in comparison to last year. The financial highlights for the year 2012-2013 are as under:

1. Increase in turnover from ₹ 2113.76 Lakh to ₹ 2653.38 lakh.
2. Full repayment of working capital loan funded by the holding company of ₹ 170 Lakh along with interest.
3. Commercial production of LT induction motors.
4. Year end order book of around ₹ 21 Crore as against ₹ 4.73 Crore in the previous year.

The overall working of your company for the financial year ended 31st March, 2013 have recorded a net loss of ₹ 54.96 lakh which is mainly due to lack or insufficient orders during the first half of the financial year. The loss is carried over to the Balance Sheet under Reserves and Surplus to be adjusted against future profits.

Your company is having ambitious future plans and the objective is to develop specialized Alternators in various fields. Barring unforeseen circumstances, your Directors are confident that the operations of your company can be improved in the current year.

Directors Responsibility Statement

Your Directors hereby confirm –

That in the preparation of the Annual Accounts for the year ended 31st March, 2013, applicable accounting standards had been followed along with proper explanation relating to material departures, wherever necessary.

That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year ended 31st March, 2013.

That the Directors had 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.

That the Directors had prepared the annual accounts on an on-going concern basis.

As your company has not bought back any shares during the period under report, the information relating to Section 217(2B) is not applicable to the Company.

The present Board of Directors of the company consists of only three Directors, including the Chairman of the Board and Managing Director, both of whom are nominated by Bharat Heavy Electricals Limited, the holding company and one Director nominated by Government of Kerala. Pending categorization and appointment of new Directors, the Audit Committee and other committees as mandated in the DPE Guidelines have not been constituted and the present Board functions as Audit Committee also.

Directors

There is no change in the constitution of the Board of Directors during the year under report.

Share Capital

There is no change in the share capital during the year under report.

Personnel

There were no employees drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act during the year under report.

Corporate Governance

- a. As Stated elsewhere in this report, the Board of Directors is yet to be reconstituted with independent and other Directors as mandated in the Guidelines on Corporate Governance for Central Public Enterprises issued by Ministry of Heavy Industries and Public Enterprises. Various

committees will be constituted on expansion of the Board.

- b. Certificate on corporate governance issued by the Company's statutory auditors is enclosed.

Auditors

M/s. Jacob Isack & Associates, Chartered Accountants, Kanhangad, having branch at Mangalore 575001, was appointed as Auditors of the company by the Comptroller and Auditor General of India and they will continue till the conclusion of the second Annual General Meeting. Necessary resolution for fixing their remuneration, pursuant to section 224(8)(aa) of the Companies Act, is being placed at the Annual General Meeting.

Comments of the Comptroller and Auditor General of India

The company has received a Nil comments report from the Comptroller and Auditor General of India, which is attached with this report.

Conservation of energy, technology upgradation and foreign exchange transaction

Your company will not come within the list of industries which has to compulsorily disclose the steps taken for conservation of energy, technology upgradation, etc. However, all steps are being taken to minimize and optimize the energy consumption and to reduce the cost of operation. The Research & Development wing is being strengthened so that the company can develop new products. There is no foreign exchange inflow during the period under report. The total foreign exchange outflow for purchase of raw materials was equivalent to ₹ 30.21 Lakh during the period under report.

Corporate Social Responsibility

Your company will not come within the guidelines issued by the Department of Public Enterprises,

Ministry of Heavy Industries and Public Enterprises, Govt of India regarding mandatory spending on Corporate Social Responsibility.

However, as a responsible corporate, your company has associated with BHEL EDN, Bangalore in implementing the following projects with the financial assistance from BHEL.

1. Providing 1.5 HP submersible pump set in the existing borewell and electrical wiring at Pilikiri colony Bedradka.
2. Providing electrical wiring and installation of fans at Anganwadi (Day care centre), Kambar.
3. Providing electrical wiring and installation of fans at Anganwadi, Kottakunnu.
4. Supply and installation 1.5 HP submersible pump to the existing borewell at Government Upper Primary school, Bedradka.
5. Providing electrical wiring and supply of fans and steel cupboards to Government Lower Primary School, Kambar.

Research and Development

Your company has associated with BHEL R&D group Hyderabad in their project of development of permanent magnet generator (PMG)

Acknowledgement

Your Directors wishes to place on record their sincere appreciation and thanks for the assistance rendered by the holding company, State Government and local body authorities, State Bank of India, Company's Vendors and company's customers and all others connected with the company. The Board also places on record their sincere appreciation for the whole-hearted co-operation extended by the Officers and other staff members of the company.

For and On Behalf of the Board of Directors



(Anil Ahuja)
Chairman

Place : New Delhi
Dated : July 24, 2013

Auditors' Report

To the members of BHEL Electrical Machines Limited

We have audited the accompanying financial statements of BHEL ELECTRICAL MACHINES LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed

as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Jacob & Isack associates
Chartered Accountants
FRN:007675S



K.P. Mohammad Isack, B.Com. FCA
Partner
Membership No.: 204171

Place: Mangalore
Date : April 27, 2013

Annexure to the Auditors' Report

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of BHEL Electrical Machines Limited, on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (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 on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As per information & explanations given to us and in our opinion, the transaction entered into by the Company with parties covered u/s 301 of the Act does not exceeds five lakh rupees in a financial year therefore requirement of reasonableness of transactions does not arise.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has adequate internal audit system commensurate with its size and nature of its business.
8. As per information & explanations given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the

Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amount payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company is 2 years old. Hence, not applicable.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report)

Order, 2003 (as amended) is not applicable to the Company.

14. According to information and explanations given to us, the Company is not trading in Shares, Securities, Debentures & other Investments. Hence, not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the Company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Jacob & Isack associates
Chartered Accountants
FRN:007675S



K.P. Mohammad Isack, B.Com. FCA
Partner
Membership No.: 204171

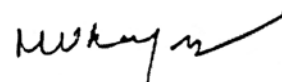
Place: Mangalore
Date : April 27, 2013

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHEL ELECTRICAL MACHINES LIMITED, KASARAGOD FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of **BHEL Electrical Machines Limited, Kasaragod**, for the year ended 31 March 2013 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 **27.04.2013**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statement of **BHEL Electrical Machines Limited, Kasaragod** for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and company personal and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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



(M.V. Rajeshwari)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Place : Chennai

Date : June 04, 2013

Balance Sheet

As at March 31st, 2013

(₹ in Lakh)

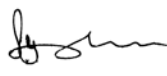
Particulars	Note No.	As at 31.03.2013		As at 31.03.2012	
I. Equity and Liabilities					
(1) Share holder's Fund					
a. Share Capital	1	1050.00		1050.00	
b. Reserves and Surplus	2	<u>-92.48</u>	957.52	<u>-37.52</u>	1012.48
(2) Non-current liabilities					
(a) Long-term borrowings					
(b) Deferred tax liabilities (Net)					
(c) Other long term liabilities					
(d) Long term provisions	3	<u>258.37</u>	258.37	<u>236.94</u>	236.94
(3) Current Liabilities					
(a) Short-term borrowings	4	317.78		186.40	
(b) Trade payables	5	891.83		377.43	
(c) Other current liabilities	6	172.64		123.32	
(d) Short-term provisions	7	<u>21.41</u>	1403.66		687.15
TOTAL			<u>2619.55</u>		<u>1936.57</u>
II. ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i) Tangible assets	8	869.16		963.30	
(ii) Intangible assets					
(iii) Capital work-in-progress			869.16		963.30
(b) Non Current Investments					
(c) Deferred tax assets		75.37			
(d) Long term loans & advances	9	<u>21.35</u>			
(e) Other non current assets			96.72		
(2) Current assets					
(a) Current investments	10	0.00		0.00	
(b) Inventories	11	417.49		382.88	
(c) Trade receivables	12	1156.64		557.90	
(d) Cash and cash equivalents	13	56.65		21.09	
(e) Short term loans and advances	14	22.89		11.40	
(f) Other current assets			1653.67		973.27
TOTAL			<u>2619.55</u>		<u>1936.57</u>
Significant accounting policies					
Other notes to financial statements	26				

The accompanying Notes 1 to 26 and significant accounting policies form an integral part of the financial statements.


K. Bharath Kumar Shetty
Manager (Finance)


Cdr. (Retd) K. Shamsuddin
Director
As per our report of even date attached
For Jacob & Isack Associates
Chartered Accountants
FRN No.: 001007S

For and on behalf of Board of Director


L. Gopalakrishnan
Managing Director


K.P. mohammad Isack
Partner
M. No.: 204171

Place : Mangalore
Date : April 27, 2013

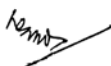
Statement of Profit & Loss

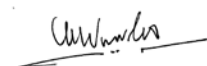
for the year ended 31.03.2013

(₹ in Lakh)

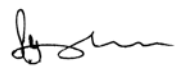
Particulars	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from operations (Gross)	15	2653.38	2113.76
Less: Excise duty & service tax		-181.20	-185.25
		2472.18	1928.51
II. Other operational income	16	13.08	13.64
III. Other income	17	4.80	4.04
TOTAL REVENUE (I to III)		2490.06	1946.19
IV. Expenses			
Consumption of material, erection and engineering expenses	18	1811.23	1482.89
Accretion/(decretion) to WIP & FG	19	-27.83	-187.54
Employee benefits expenses	20	563.25	498.59
Other expenses of manufacture, administration, selling and distribution	21	149.60	119.58
Provisions (net)	22		-32.50
Finance costs	23	23.79	9.76
Depreciation & amortisation expense	8.1	100.48	92.93
Less: Cost of jobs done for internal use			
Total expenses		2620.52	1983.71
V. Profit/(loss) before prior period adjustments, exceptional items and tax		-130.46	-37.52
Prior period adjustments (Net)	24	0.13	
Less tax expenses/(Tax Income)	25	75.37	
VI. Profit/(loss) for the period from continuing operations		-54.96	-37.52
Significant accounting policies			
Other notes to financial statements	26		

The accompanying Notes 1 to 26 and significant accounting policies form an integral part of the financial statements.


K. Bharath Kumar Shetty
Manager (Finance)


Cdr. (Retd) K. Shamsuddin
Director

For and on behalf of Board of Director


L. Gopalakrishnan
Managing Director

As per our report of even date attached

For Jacob & Isack Associates
Chartered Accountants
FRN No.: 001007S


K.P. mohammad Isack
Partner
M. No.: 204171

Place : Mangalore
Date : April 27, 2013

Cash Flow Statement

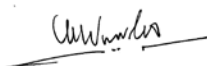
for the year ended 31.03.2013

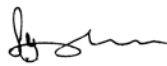
(₹ in Lakh)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss)	-130.33	-37.52
adjustment for		
Depreciation	100.48	92.93
Provision for doubtful debts		
Provisions (Long term)	21.43	
Interest Expenditure		
Operating Profit	-8.42	55.41
Adjustments for		
(increase)/decrease in trade & other receivables	-631.58	-569.30
(increase)/decrease in inventories	-34.61	-382.88
Increase/(Decrease) in Trade and other payments	585.13	737.69
Net Cash flow from operating Activities	-81.06	-214.49
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of assets		
Interest received		
(Purchase of fixed assets)	-6.34	-6.23
Net Cash from investing Activities	-6.34	-6.23
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in long term borrowing		
Increase/(Decrease) in short term borrowing	131.38	186.40
Net cash from financing activities	131.38	186.40
Net Increase /(Decrease) in cash /Cash equivalents	35.56	21.09
Opening Cash balance	21.09	0
Cash /Cash equivalents at the end of the period	56.65	21.09

For and on behalf of Board of Director


K. Bharath Kumar Shetty
Manager (Finance)


Cdr. (Retd) K. Shamsuddin
Director


L. Gopalakrishnan
Managing Director

As per our report of even date attached
For Jacob & Isack Associates
Chartered Accountants
FRN No.: 001007S


K.P. mohammad Isack
Partner
M. No.: 204171

Place : Mangalore
Date : April 27, 2013

Note 1 - Share Capital

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Authorised		
15000000 number of shares @ ₹ 10/- each	1500.00	1500.00
Issued, subscribed and paid up capital	1050.00	1050.00
10500000 shares @ ₹ 10/- fully paid up (BHEL and its nominees holding - 5355000 @ ₹ 10/- each - 51% - (Previous year 5355000 shares @ ₹ 10/- each) Government of Kerala and its nominees holding- 5145000 shares @ ₹ 10 each - 49% - (Previous year KEL Kochi holding 5096000 shares @ ₹ 10/- each and Government of Kerala holding 49000 shares @ ₹ 10/- each)	1050.00	1050.00

Note 2 - Reserves & surplus

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Profit / Loss for the year (Statement of Profit & Loss)	-54.96	-37.52
Balance of profit (loss) brought forward from last year	-37.52	
Foreign project reserves written back		
Profit available for appropriation	-92.48	-37.52

Note 3 - Long-term provisions

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Contractual Obligation - Long term		
Provision for employee benefits		
Leave benefits accrued - Long term	15.06	
Gratuity accrued - Long term	243.31	236.94
Other long-term provisions	258.37	236.94

Note 4 - Short-term borrowings

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Secured		
Loans & advances from banks		
Cash credit (Cr. balance) (secured by hypothecation of fixed assets, raw materials, components, stores & spares, work-in-progress, finished goods, trade receivables and other current assets)	317.78	11.50
Unsecured		
- from Companies		174.90
(Last year KEL ₹ 4.90 Lakh, BHEL ₹ 170 Lakh)		
<i>This has been serviced in full</i>	317.78	186.40

Note 5 - Trade payables

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Trade Payables	891.83	377.43
<i>Includes stale cheques for ₹ 9111/-</i>	891.83	377.43

Note 6 - Other current liabilities

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Advances received from customers & others	84.32	79.18
Deposits from Contractors & others	1.02	0.24
Other payables/ liabilities	87.30	43.90
	172.64	123.32

Note 7 - Short-term provisions

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
<u>Provision for employee benefits</u>		
Leave encashment	1.52	
Gratuity	13.93	15.45
<u>Other short term provision</u>		
Unrealised margin on Sale	5.96	
(As per AS 9)	21.41	0.00

Note 8 - Fixed assets

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
(i) Tangible assets		
Gross block	1062.57	1056.24
Less: Accumulated depreciation	-193.41	-92.94
Less: Accumulated impairment		
Less: Lease adjustment account		
Net Block	869.16	963.30

Refer details to Annexure 8.1

Note 8.1 - Fixed assets

as on 31.03.2013

Sl. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Cost as on 01.04.12	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Total Cost as on 31.03.2013	Depreciation as on 01.04.2012	Depreciation During the year	Depreciation upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
1	Freehold land (including develop- ment expenses)	31.15	0.00	0.00	31.15	0.00	0.00	0.00	31.15	31.15
2	Buildings	337.43	0.00	0.00	337.43	11.40	11.40	22.80	314.63	326.03
3	Plant & Machinery	642.05	2.56	-6.41	638.20	77.05	76.17	153.22	484.98	565.00
4	Electronic Data Processing Equipment	4.56	1.50	-0.63	5.43	0.67	1.07	1.74	3.69	3.89
5	Electrical Installations	33.83	0.00	-0.64	33.19	2.71	2.65	5.36	27.83	31.12
6	Vehicles	0.44	0.00	0.00	0.44	0.02	0.04	0.06	0.38	0.42
7	Furniture & fixtures	0.00	0.45	-0.33	0.12	0.00	0.01	0.01	0.11	0.00
8	Office and Other equipments	6.03	1.84	-0.56	7.31	0.36	0.56	0.92	6.39	5.67
9	Fixed Assets costing upto ₹ 10,000/-	0.73	8.57	0.00	9.30	0.73	8.57	9.30	0.00	0.00
	Total	1056.22	14.92	-8.57	1062.57	92.94	100.47	193.41	869.16	963.28

Note 9 - Non-current assets

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
<u>Non current Loans and advances</u>		
Advance tax	19.37	
Interest accrued on Advance tax	1.20	
TDS	0.78	
<i>(As reflected in 26AS - ₹ 0.74 Lakh)</i>		
	<u>21.35</u>	<u>0.00</u>

Note 10 - Current investment

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
<u>Current Investments</u>		
Margin money deposits with SBI for operating Letter of credits		
Margin money on LC is classified under Cash and bank as per the requirement of Schedule VI- The previous year figures are also regrouped accordingly		
	<u>0.00</u>	<u>0.00</u>

Note 11 - Inventories

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
<u>Stores & spare parts</u>		
Production	2.17	1.93
Fuel stores		
Miscellaneous	2.17	1.93
Raw material & components	199.95	187.90
Material-in-transit	199.95	5.51
Scrap (at estimated realisable value)		
Finished goods	90.59	123.70
Work-in-progress	124.78	63.84
@ Valued as per Significant Accounting Policy No. 6		
	<u>417.49</u>	<u>382.88</u>

Note 12 - Trade receivables

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Debts outstanding for a period exceeding six months	76.55	30.26
Other debts	1080.09	527.64
Less : Provision for bad & doubtful debts		0.00
Less : Automatic price reduction adjustment a/c		0.00
	1156.64	557.90

Note 13 - Cash & cash equivalents

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Cash & Stamps in on hand	0.28	0.15
Cheques, Demand Drafts on hand		
Remittances in transit		
Balances with Scheduled Banks		
Current Account	0.27	0.14
Deposit Account	56.10	20.80
Margin money on LC	55.67	
Accrued interest	0.43	
Deposits more than 12 months maturity period		
	56.65	21.09

Note 14 - Short-term loans and advances

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Advances (Recoverable in cash or in kind or for value to be received)		
To subsidiaries		
To employees	2.80	10.96
For purchases	0.17	1.06
To Others	7.92	-25.65
	10.89	-13.63
Deposits		
Balance with customs, Port Trust and other Govt Authorities	0.03	0.03
Others	11.97	5.22
Advance Tax/TDS (Net of Provision for Taxation)	12.00	19.78
	22.89	11.40
Particulars of Loans and advances:-		
Secured, considered good		
Unsecured, considered good	22.89	11.40
Doubtful		

Note 15 - Revenue from operations

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Sales less returns	2570.75	2093.60
Income from external erection & other services	82.63	20.16
Revenue from Works Contract		0.00
Assets given on Finance lease		
	2653.38	2113.76

Note 16 - Other operational income

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Export Incentives		
Rental income on leased assets		
Lease equalisation account		
Finance income on assets given on finance lease		
Exchange variation (Cr. Balance)		
Scrap sale	12.79	13.64
Others	0.29	
Receipt from sale/transfer of surplus stock		
	13.08	13.64

Note 17 - Other income

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
From customers		
From employees		
From banks- Interest on TDR - TDS ₹ 16,884	2.40	4.04
Interest on Advance tax/TDS	1.20	
From Investments (Current- Other than trade)		
Misc receipts	1.20	
	4.80	4.04

Note 18 - Consumption of material, erection & engineering expense

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Consumption of raw material & components	1714.39	1461.24
Consumption of stores & spares	14.44	8.87
Erection and Engineering exp.-payment to subcontractors	82.40	12.78
	1811.23	1482.89

Note 19 - Accretion/Decretion to WIP & FG

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Work-in-progress		
Closing Balance	124.78	63.84
Opening Balance	63.84	63.84
Finished Goods		
Closing Balance	90.59	123.70
Opening Balance	123.70	123.70
	27.83	187.54
NOTE:		
Element of Excise duty in Finished Goods		
Closing Balance	9.96	13.61
Opening Balance	13.61	0.00

Note 20 - Employee benefits

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Salaries, wages, bonus, allowances & other benefits	452.19	397.19
Contribution to gratuity fund		
Contribution to provident and other funds	49.68	45.22
Staff welfare expenses	61.38	56.18
	563.25	498.59

Note 21 - Other expenses of manufacturing, administration, selling and distribution

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Rent: Residential	1.99	1.76
Excise duty (On FG and scrap)	-2.23	14.92
Power & Fuel	43.91	35.39
Rates & Taxes	8.51	14.41
Service tax (GTA outwards)	0.49	0.31
Insurance	1.91	1.14
Repairs	11.22	2.06
Carriage outward	18.88	13.97
Travelling & conveyance	17.96	12.16
(Including TA/DA to Directors :- ₹ 5.72 Lakh)		
Miscellaneous expenses	46.91	23.46
Liquidated damages charged off	0.05	
	149.60	119.58

Note 22 - Provisions

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Doubtful debts, Liquidated Damages and Loans & advances		
Created during the year		
Less written back during the year		
Contracutal Obligations		
Created during the year		
Less written back during the year		
Others		
Created during the year		
Less written back during the year	0.00	32.50
	<u>0.00</u>	<u>32.50</u>

Note 23 - Finance cost

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Debentures/Bonds, Central and State Govt. Loan		
Banks/financial Institutions borrowings	7.67	
Deferred Credits		
Others (on WCL from BHEL of ₹ 170 Lakh)	16.12	9.76
Other Borrowing Costs		
Less: Borrowing Cost capitalised		
	<u>23.79</u>	<u>9.76</u>

Note 24 - Prior period adjustments

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Income		
Interest	0.08	
Others	<u>0.61</u>	0.69
Less		
Expense		
Other expenses	0.56	
Net	<u>0.13</u>	<u>0.00</u>

Note 25 - Tax income & deferred tax asset

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Deferred tax Asset		
Opening balance	0.00	
Created during the year	75.37	
Closing balance	<u>75.37</u>	<u>0.00</u>
<i>In accordance with AS 22</i>		

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 by the Company

2 Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the income and expenditure during the reporting period and the assets and liabilities including contingent liabilities at the date of financial statements. The difference between the actual results and estimates are recognized in the period in which the results are known.

3 Fixed Assets

Fixed assets 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/market price, whichever is lower. Effects of extraordinary events such as devaluation/revaluation in respect of long term liabilities/loans utilized for the acquisition of fixed assets is added to reduced from the cost.

4 Intangible Assets

A. Intangible assets are capitalized at cost if

- It is probable that the future economic benefits 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 ₹ 10000/- 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 Statement of profit and loss in the year of incurrence.
- Expenditure incurred on development including the expenditure during the development phase of Research and Development Project meeting the criteria as per the Accounting standard on intangible assets is treated as intangible asset.
- Fixed assets acquired for purposes of research and development are capitalised.

5 Depreciation

Depreciation on fixed assets is charged up to 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 estimated useful lives shown hereunder:-

	Single Shift	Double Shift	Triple Shift
General Plant & Machinery	8%	12%	16%
Buildings (Third class)	3.5%		
Electrical installations	8%		
Office and other equipments	8%		
Electronic data processing Equipments	20%		

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

Fixed assets costing ₹ 10,000/- or less or whose written down value as at the opening of the year is ₹ 10,000/- or less, are depreciated fully.

6 Inventory Valuation

- Inventory is valued at actual/estimated cost or net realizable value, whichever is lower.
- Finished goods in Plant and work in progress are valued at actual/estimated factory cost or 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) The component and material purchased/ manufactured against production orders but declared surplus are charged off to revenue retaining residual value based on technical estimates.

7 Revenue Recognition

Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer

8 Employee Benefits

Provident fund and Employees' Family pension scheme contributions are accounted for on accrual basis. Liability for Earned leave, Half pay leave, Gratuity are accounted for in accordance with actuarial valuation. The actuarial liability is determined with reference to employees at the beginning of each calendar year. Liability due towards contributory medical scheme is accounted based on the salary at the commencement of the calendar year.

9 Borrowing Costs

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

A qualifying asset is one that 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.

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

11 Taxes on Income

Current tax is determined on the basis of taxable income in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability/ asset resulting from timing difference between accounting income and taxable income is recognised considering the tax rate and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax asset is accounted for and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

12 Impairment

The carrying amount of cash generating assets is reviewed at each balance sheet date where there is any indication of impairment. An impairment loss is recognised in the statement of profit and loss where the carrying amount exceeds the recoverable amount of the cash generating assets. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

Note - 26 Other Notes to Financial Statements

1. In line with the joint venture agreement between BHEL and Government of Kerala, 5096000 number of shares with face value ₹ 10 each held by Kerala Electrical & Allied Engineering Co. Ltd. as on 31.03.2012, was transferred to government of Kerala. The transfer was executed on 28.12.2012. Along with the existing 49000 shares, the total holding by government of Kerala thus got enhanced to 5145000 shares. The share holding pattern of the company as on 31.03.2013 is as detailed under:

Share holder	Number of shares	Value of shares	%
BHEL and its nominees	5355000	₹ 53550000-00	51%
Government of Kerala and its nominees	5145000	₹ 51450000-00	49%

2. Employee gratuity and leave encashment dues are evaluated through actuarial valuation in line with AS -15.
3. Short term working capital loan amount of ₹ 170 Lakh advanced by M/s BHEL pending as on 01.04.2012 has been fully repaid along with the accrued interest as on 31.03.2013. Details of interest disclosed under related party disclosure.
4. The provision for half pay leave as on 31.03.2013 is nil as the company does not have half pay leave scheme in force. The provision of ₹ 220365/- incorporated in the books of accounts during 2011-2012 is merged with the provision for general leave encashment.
5. Trade payable includes ₹ 9111/- being stale cheques and ₹ 103618 due to small scale units.
6. As per the significant accounting policy sales are recorded based on the significant risks and rewards of ownership being transferred in favour of the customer. In two cases, the consignments against invoices raised on 30.03.2013 have reached the customer only on 01.04.2013. As per AS 9, the unrealized margin of ₹ 5.96 Lakh is not recognized in the books of accounts.

7. The impact of providing full depreciation as per the accounting policy, on assets costing less than ₹ 10,000/- and also whose written down value is less than ₹ 10,000/- as on 01.04.2012 is as under.

Depreciation provided @100%	₹ 856819-00
Normal Depreciation	₹ 91223-00
Excess amount charged	₹ 765596-00

8. Balances under trade receivables, trade payables, deposits, materials lying with sub-contractors/fabricators are reconciled and letter of confirmation has been obtained where ever possible. In all other cases, reconciliation is carried out on an ongoing basis & provisions wherever considered necessary have been made in line with the guidelines.
9. An amount of ₹ 572361/- being the travelling expenses of the Managing Director/Other Director has been included under the head travelling expenses.

Break up details

TA and DA to Managing Director :- ₹ 543393.00
TA and DA to other Director :- ₹ 28968.00

10. Contingent liabilities:-

- a. Claims against the company not acknowledged as debt/deductible.

(₹ in Lakh)

1	Retention on account of liquidated damages imposed by ICF Chennai for which request for waiver, still under consideration.	51.39
2	Retention by ICF Chennai on account of price fall clause	6.72
3	Retention by various Railways on statutory rate variation clause	8.57
Total		66.68

Efforts are still on and the company is hopeful of getting waiver towards the LD / price/ statutory variation clause imposed.

- b. Details of letter of credit established in favour of suppliers pending clearance as on 31.03.2013 is ₹ 315.70 Lakh. Supplies

against these Letters of credits were received, accounted and reflected in the trade payable account.

- c. Details of bank guarantees issued, pending as on 31.03.2013 is ₹ 54.99 Lakh.
- d. Bills routed through bank by suppliers pending clearance as on 31.03.2013 is nil.

11. Inventory includes the following:

- a. Material sent for job working – at cost ₹ 403851.00
- b. Material sent for DG set installation: ₹ 179692.00

12. Details of misc receipts

- a. Notice pay from resigned employee: ₹ 115785.00
- b. Application fees : ₹ 1100.00
- c. Others (including rounding off) : ₹ 3130.00

13. Liquidated damages charged off ₹ 4800/- being recovery by BHEL Bhopal towards delayed supplies.

14. Related party transactions as per AS 18

A. Related party where control exists

Name of related party:- Bharat Heavy Electricals Limited

Nature of relationship:- Holding company

B. Other related parties (Key management personnel)

Shri. L. Gopalakrishnan Managing Director (on deputation from BHEL)

Transactions with the related party

(₹ in Lakh)

Sl. No.	Nature of transaction	Holding company	Key Management personnel
1	Sale of goods	309.06	-
2	Amount due from	15.05	
3	Advance against orders received	32.11	-
4	Interest on WCL paid	16.12	-

15. Details of prior period expenses and income

A. Prior period expense

- a. Unloading charges :- ₹ 13500.00
- b. Repairs to machinery :- ₹ 42499.00

Total :- ₹ 55999.00

B. Prior period Income

- a. Tender document cost :- ₹ 25515.00
- b. Freight charges :- ₹ 15825.00
- c. Interest on TDR :- ₹ 7877.00
- d. Transit Insurance claim :- ₹ 20135.00

16. Miscellaneous expenses furnished under note 21 includes,

A. Payment to Auditors

- a. Statutory audit fees :- ₹ 25000.00
- b. Tax audit fees :- ₹ 2500.00
- c. VAT audit fees :- ₹ 4000.00

B. Others

- a. Guest Expenses :- ₹ 126632.00

17. Expenditure on Rent:-

- a. Guest house (Net) :- ₹ 167718.00
- b. Recreation club :- ₹ 31200.00

18. Break-up of repairs and maintenance

- a. Building :- ₹ 184952.00
- b. Plant & machinery :- ₹ 578209.00
- c. Others :- ₹ 267280.00

19. Disclosure as per AS 7 – Nil

20. Remuneration paid to the Directors (including the Managing Director)

- a. Salaries and allowances :- ₹ NIL
- b. Contribution to PF :- ₹ NIL
- c. Contribution to Gratuity :- ₹ NIL

The Managing Director is permitted to avail the company's vehicle for his private use on chargeable basis as per the rules of the company subject to DPE guidelines

The Managing Director is provided with the bachelor accommodation in the company guest house on recoverable monthly rates fixed by the company.

21. As no separate gratuity fund exists in the company, the gratuity accruals (expenses for the year) are grouped under the general heading salary and other allowances. The last year's figures are regrouped accordingly.

22. Quantitative Details - Production, Sales and Closing Stock

(₹ in Lakh)

Item	OP Stock		Production		Sales		CL Stock	
	Qty (Nos)	Value	Qty (Nos)	Value	Qty (Nos)	Value	Qty (Nos)	Value
BAGP upto 110 KVA	17	13.30	115	80.70	128	91.85	4	2.15
BAGP above 110 KVA	11	38.47	43	97.79	49	117.98	5	18.28
25 KW Train lighting Alternators	11	16.53	142	300.99	153	317.52		
320 KVA U/S D G Sets	0	0	0	0.00	0	0.00		
Special Alternators/Aux Alternators	11	41.70	40	122.28	42	132.94	9	31.04
DG Sets	0	0	16	281.60	16	281.60		
SLR PC (500 KVA) U/S DG set			1	82.37	1	82.37		
570 KVA DG Set for Power Car			25	710.59	25	710.59		
Induction Motors			68	136.82	68	136.82		
Spares	0	0.08		148.74		119.67		29.15
Services & Installation	0	0		63.33		63.33		
GSOS	0	0		417.51		417.51		
ED		13.62		177.55		181.20		9.97
Gross turnover	50	123.70	450	2620.27	482	2653.38	18	90.59

23. Consumption of Important Raw Materials

(₹ in Lakh)

Item	Unit	OP Stock		Purchases		Closing Stock		Consumption	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
Lamination	Kgs	49063.00	58.09	82648.34	113.53	48345.60	66.41	83365.74	105.21
Diesel Engine	Nos	0.00	0.00	42.00	517.56		0.00	42.00	517.56
Copper	Kgs	8165.88	41.42	52606.05	121.77	10813.25	25.03	49958.68	138.16
Steel & Aluminium	Kgs	31785.75	16.71	108127.52	56.11	25572.13	13.27	114341.14	59.55
Casting	Bulk		12.54		104.69		18.96	0.00	98.27
Bearings & Others	Bulk		8.30		113.06		10.32	0.00	111.04
Control Panel	Nos		0.00	1.00	7.29		0.00	1.00	7.29
Generators	Nos		0.00	23.00	347.40		0.00	23.00	347.40
Torroidal Core	Nos		0.00	1306.00	31.91	314.00	7.67	992.00	24.24
Others			52.77		327.81		60.47	0.00	320.11
			189.83		1741.13		202.13		1728.83

24. Consumption of Imported and Indigenous Materials

(₹ in lakh)

	For the year ended 31.03.2013		For the year ended 31.03.2012	
Raw Materials:				
Imported	1.41%	24.24	2.76%	40.52
Indigenous	98.59%	1690.15	97.24%	1420.72
Total		1714.39		1461.24
Stores And Spare Parts				
Imported		0.00		0.00
Indigenous		14.44		8.87
Total		14.44		8.87
Total Consumption		1728.83		1470.11
CIF Value Of Imports				
Raw Materials		31.91		40.52
Capital Goods				

25. Deferred Tax Asset

Year 2011-2012			
Loss for the year	37.52		
Less depreciation as per accounts	92.93		-55.41
Add Depreciation as per Income tax Act	138.09		
Add/Deduct for timing differences	0.00		138.09
Net Loss carry forward as per Income tax			82.68
Year 2012-2013			
Loss during the year	130.33		
Less depreciation	100.48		29.85
Add Depreciation as per Income tax Act	119.76		
Add/Deduct for timing differences	0.00		119.76
Net Loss carry forward as per Income tax			149.61
Total Loss			232.29
Deferred Tax Asset			75.37

As per AS 22 and in line with the explanation note 9 on AS 22, as profits during 2013-14 is expected, deferred tax assets has been booked now.



Consolidated Financial
Statements

Independent Auditors' Report

To The Board of Directors of
Bharat Heavy Electricals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Bharat Heavy Electricals Limited** (the "Company") and its subsidiaries and joint ventures (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the individual reports of the other auditors on the financial statements as stated in para 1 below and provisional financial statements as stated in para 2 below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

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)

Name of the Company	Assets	Revenue	Net Cash Flows
A. Subsidiaries			
Bharat Heavy Plate and Vessels Limited	322.31	243.47	17.24
BHEL Electrical Machines Limited	26.20	26.71	0.36
B. Joint Ventures			
BHEL- GE Gas Turbine Services Private Limited	214.11	413.55	36.57

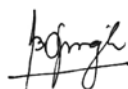
2. In respect of the following Joint Ventures we did not carry out the audit. These unaudited financial statements have been compiled by the management, and our opinion, in so far as it relates to the assets and revenues included in respect of these Joint Ventures, is based solely on these compiled financial statements as furnished to us by the management. Since the financial statement of these joint ventures for the financial year ended March 31, 2013 were not audited, any subsequent adjustment to the balances could have consequential effects on the attached consolidated financial statements.

(₹ in Crore)

Name of the Company	Assets	Revenue	Net Cash Flows
Dada Dhuniwale Khandwa Power Ltd	23.09	0.38	-0.19
Raichur Power Corporation Ltd	1559.69	-	0.13
NTPC BHEL Power Projects Limited	97.13	58.91	-2.42
Latur Power Company Limited	2.76	0.21	0.03

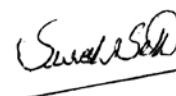
3. The accounts of Power Plant Performance Improvements Ltd a Joint Venture of BHEL have not been consolidated as the said company is under liquidation and full amount of equity investment has been provided.

For Gandhi Minocha & co
Chartered Accountants
FRN 000458N



(Bhupinder Singh)
M.No 092867

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



(Suresh Sethi)
M.No 010577

Date : May 23, 2013
Place : New Delhi

Consolidated Balance Sheet

As at March 31, 2013

(₹ in Crore)

Particulars	Note No.	Figures as at 31.03.2013		Figures as at 31.03.2012	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share capital	1	489.52		489.52	
(b) Reserves & surplus	2	30043.21	30532.73	24913.54	25403.06
(2) Minority Interest			4.70		4.97
(3) Non-current liabilities					
(a) Long-term borrowings	3	1233.03		282.07	
(b) Other long term liabilities	4	5811.43		7574.74	
(c) Long term provisions	5	5962.52	13006.98	5023.80	12880.61
(4) Current liabilities					
(a) Short-term borrowings	6	1390.54		86.75	
(b) Trade payables	7	9753.80		10352.67	
(c) Other current liabilities	8	14025.89		16031.98	
(d) Short-term provisions	9	3038.06	28208.29	2670.24	29141.64
TOTAL			71752.70		67430.28
II. ASSETS					
(1) Non current assets					
(a) Fixed assets					
(i) Tangible assets	10	4337.28		4195.57	
(ii) Intangible assets		329.74		323.08	
(iii) Capital work-in-progress		2329.48		1739.20	
(iv) Intangible assets under development		39.42	7035.92	24.21	6282.06
(b) Non-current investments	11	5.94		5.94	
(c) Deferred tax assets (net)	12	1555.80		1549.48	
(d) Long-term loans and advances	13	929.78		957.45	
(e) Other non-current assets	14	10814.43	13305.95	9416.26	11929.13
(2) Current assets					
(a) Inventories	15	11869.03		13633.40	
(b) Trade receivables	16	29370.29		26551.33	
(c) Cash and bank balances	17	7845.05		6734.33	
(d) Short term loans and advances	18	2123.73		2148.04	
(e) Other current assets	19	202.73	51410.83	151.99	49219.09
TOTAL			71752.70		67430.28

Significant Accounting Policies**Other notes to financial statements**

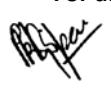
32

The Accompanying Notes 1 to 32 & Significant accounting policies form an integral part of the consolidated financial statements.

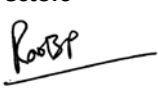
For and on behalf of Board of Directors



(I.P. Singh)
Company Secretary

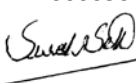


(P.K. Bajpai)
Director (Finance)

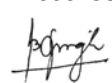


(B. Prasada Rao)
Chairman and Managing Director

As per our report of even date attached

For S.N. Dhawan & Co.
Chartered Accountants
FRN-000050NFor Gandhi Minocha & Co.
Chartered Accountants
FRN-000458N


(Suresh Sethi)
Partner
M.No. 10577



(Bhupinder Singh)
Partner
M. No. 092867
Place : New Delhi
Date : May 23, 2013

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2013

(₹ in Crore)

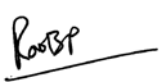
Particulars	Note No.	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
I. Revenue from operations (Gross)	20	50672.84	49897.57
Less: Excise duty		1930.15	1862.40
Less: Service tax		636.38	436.22
Revenue from operations (Net)		48106.31	47598.95
II. Other operational income	21	809.53	756.27
III. Other income	22	1128.76	1272.03
Total revenue (I to III)		50044.60	49627.25
IV. Expenses			
Cost of material consumption, erection and engineering expenses	23	28171.38	29132.69
(Increase)/Decrease in work in progress & finished goods	24	121.20	-829.90
Employee benefits expense	25	5824.00	5529.37
Finance costs	26	127.61	53.07
Depreciation & amortisation expense	10.1	957.18	803.24
Other expenses of manufacture, administration, selling and distribution	27	3808.31	3251.16
Provisions (net)	28	1583.76	1405.53
Less: Cost of jobs done for internal use		75.86	104.11
Total expenses		40517.58	39241.05
V. Profit before prior period adjustments, exceptional items and tax		9527.02	10386.20
VI. Add/less: Prior period adjustments (net)	29	-0.45	-19.13
VII. Add/ Less : Exceptional items	30	4.14	0.16
VIII. Profit before tax for the year		9530.71	10367.23
IX. Less: Tax expense	31		
a) Current tax		2843.93	2664.28
b) Deferred tax		-6.32	615.69
X. Profit for the year before minority interest		6693.10	7087.26
Less: Minority interest		-0.27	-0.18
XI. Profit after minority interest for the year		6693.37	7087.44
Earnings per share (Basic & Diluted) (Refer point no. 15 of Note 32) in ₹		27.35	28.96
Face Value per Share (Refer point no. 15 of Note 32) in ₹		2.00	2.00
Significant Accounting Policies			
Notes to Financial Statements	32		

The accompanying notes 1 to 32 & significant accounting policies form an integral part of the consolidated financial statements.
Total Revenue includes ₹ 470.48 Crore (previous year ₹ 335.49 Crore) share of jointly controlled entities.
Total Expenses includes ₹ 405.75 Crore (previous year ₹ 279.18 Crore) share of jointly controlled entities.

For and on behalf of Board of Directors

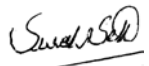

(I.P. Singh)
Company Secretary


(P.K. Bajpai)
Director (Finance)

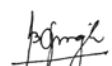

(B. Prasada Rao)
Chairman and Managing Director

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, 2013

Consolidated Cash Flow Statement

for the year ended March 31, 2013

(₹ in Crore)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Statement of Profit and Loss	9530.71	10367.23
Adjustment for		
Depreciation/Amortisation	957.95	805.91
Lease Equalisation	0.29	-3.82
Provisions (Net)	438.03	540.70
Bad Debts & LD & investment written off	378.87	97.30
Profit on sale of Fixed assets	-3.42	-4.01
Profit on sale of Long Term Investments	-31.50	
Finance costs	127.61	53.07
Interest/Dividend Income	-632.59	-837.02
Operating Profit before Working Capital changes	10765.95	11019.36
Adjustment for		
Trade & Other Receivables	-4646.53	-8806.90
Inventories	1767.62	-2615.91
Trade Payable & Advances	-3021.89	2899.91
Cash generated from operations	4865.15	2496.46
Direct Taxes Paid (Net of refund)	-3113.97	-3197.09
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	1751.18	-700.63
B. CASH FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-1755.30	-1585.48
Sale and Disposal of Fixed Assets	29.01	2.07
Sale and Disposal of Long-term Investments	31.50	
Investment in Subsidiary & Joint Ventures	0.00	5.36
Interest & Dividend income	581.85	996.52
NET CASH USED IN INVESTING ACTIVITIES	1112.94	581.53
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short-term & Long-term borrowings (Net)	2267.45	179.77
Dividend Paid (including tax on dividend)	-1673.50	-1818.93
Finance costs	-121.48	-50.75
NET CASH USED IN FINANCING ACTIVITIES	-472.47	1689.91
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1110.72	-2972.07
Opening Balance of Cash and Cash Equivalents	6734.33	9706.40
Closing Balance of Cash and Cash Equivalents (Refer note no. 17)	7845.05	6734.33

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

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

3 : Cash & Cash Equivalents includes ₹ 3.52 Crore (₹ 2.18 Crore) unclaimed dividend lying in designated bank accounts.

For and on behalf of Board of Directors


(I.P. Singh)
Company Secretary

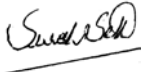

(P.K. Bajpai)
Director (Finance)


(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

Place : New Delhi
Date : May 23, 2013

1 - Share Capital

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Authorised				
1000,00,00,000 equity shares of ₹ 2 each (previous year 1000,00,00,000 equity shares of ₹ 2 each)		2000.00		2000.00
Issued, Subscribed & Paid up Capital		489.52		489.52
244,76,00,000 fully paid equity shares of ₹ 2 each (previous year 244,76,00,000 equity shares of ₹ 2 each)				
a) Out of which 122,38,00,000 equity shares of ₹ 2 each (previous year 122,38,00,000 equity shares of ₹ 2 each) allotted as bonus shares				
b) The reconciliation of the number of equity shares outstanding is set out below:				
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2447600000	489.52	489520000	489.52
Shares issued during last year towards split of shares from ₹ 10 to ₹ 2 per share	-	-	1958080000	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2447600000	489.52	2447600000	489.52
c) Details of shares held by shareholders holding more than 5% shares at the year end	No. of shares	% age of holding	No. of shares	% age of holding
President of India (POI) alongwith nominees	1657552000	67.72%	1657552000	67.72%
Life Insurance Corporation of India	141433662	5.78%	141433662	5.78%
Face Value per share (₹)		2.00		2.00

2 - Reserves & surplus

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Capital reserve				
Opening Balance	2.74		2.74	
Add: Additions	-		-	
Less: Deductions	-	2.74	-	2.74
General reserve				
Opening balance	23871.82		18868.78	
Add: transfer from surplus of profit & loss	5004.09		5003.04	
Less: Deductions		28875.91		23871.82
Surplus from statement of profit & loss				
Opening balance	1038.98		793.97	
Add: net profit for the year	6693.37		7087.44	
Less: Adjustments	-0.46			
Profit available for appropriation	7731.89		7881.41	
Less: Appropriation-				
- General reserve	5004.09		5003.04	
- Dividend (including interim dividend of ₹ 535.55 Crore, previous year ₹ 681.93 Crore)	1339.66		1582.65	
- Corporate dividend tax (including ₹ 86.92 Crore, previous year ₹ 110.62 Crore)	223.58	1164.56	256.74	1038.98
		30043.21		24913.54

3 - Long-term borrowings

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Secured				
Loans from banks	304.22		-	
Loans from Power Finance Corporation Ltd. (Secured against assets pertaining to Yerramurus Thermal Power Project)	799.31		158.38	
		1103.53		158.38
Unsecured				
Long term maturities of finance lease obligations	129.50		123.69	
	129.50		123.69	
	1233.03		282.07	

Includes ₹ 1103.82 Crore (previous year ₹ 158.64 Crore) share of jointly controlled entities.

4 - Other long-term liabilities

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Trade payables	756.09	603.52
Advances received from customers & others	4964.99	6849.65
Deposits from contractors & others	90.35	121.57
	5811.43	7574.74

Includes ₹ 15.64 Crore (previous year ₹ 18.35 Crore) share of jointly controlled entities.

5 - Long-term provisions

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Provision for employee benefits	2196.52	2085.57
Contractual Obligation	3621.41	2802.19
Other long-term provisions	144.59	136.04
	5962.52	5023.80

Includes ₹ 6.13 Crore (previous year ₹ 4.54 Crore) share of jointly controlled entities.

6 - Short-term borrowings

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Secured		
Loans from banks*		
Working capital demand loan from KPCL	100.35	84.49
Cash credit	3.18	0.12
*(secured by hypothecation of raw materials, components, stores & spares, work in progress, finished goods, Trade Receivables and other current assets)		
Packing credit	1286.00	-
(secured by first charge by way of hypothecation of raw materials, components, work-in-progress, finished goods, stores, Trade Receivables and other current assets both present and future)		
Unsecured		
From companies	0.01	0.08
From bonds	1.00	2.06
	1390.54	86.75

Repayable within a period of 6 to 9 months at interest rate ranging from 7.25% to 7.50%

Includes ₹ 100.36 Crore (previous year ₹ 84.52 Crore) share of jointly controlled entities.

7 - Trade payables

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Trade Payables	9678.67	10241.74
Acceptances	75.13	110.93
	9753.80	10352.67

Includes ₹ 144.81 Crore (previous year ₹ 94.15 Crore) share of jointly controlled entities.

8 - Other current liabilities

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Current maturities of finance lease obligation	75.38	62.68
Advances received from customers & others	11301.42	13174.08
Deposits from Contractors & others	485.15	448.05
Unclaimed dividend	3.52	2.18
Other payables/ liabilities*	2140.99	2328.31
Interest accrued but not due	5.38	1.50
Interest accrued and due on:		
State Government Loans	2.33	2.33
Finance lease	7.07	4.82
Bonds & others	4.65	8.03
	14025.89	16031.98

Advances received from customers & others include valuation adjustment

- ₹ 5759.02 Crore (previous year ₹ 7150.34 Crore)

Includes ₹ 37.64 Crore (previous year ₹ 103.14 Crore) share of jointly controlled entities.

*includes Employees dues and Statutory dues

9 - Short-term provisions

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Provision for employee benefits	488.71	402.30
Proposed dividend	808.87	905.48
Corporate dividend tax	137.47	146.89
Contractual obligation	1391.21	1065.68
Other short-term provisions	211.80	149.89
	3038.06	2670.24

Includes ₹ 9.01 Crore (previous year ₹ 11.11 Crore) share of jointly controlled entities.

10 - Fixed assets

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
(i) Tangible assets		
Gross block	10555.85	9530.68
Less: Accumulated depreciation	6221.92	5338.75
Less: Lease adjustment account	-3.35	-3.64
Net Block	4337.28	4195.57
(ii) Intangible assets		
Gross block (including goodwill on consolidation)	528.05	486.47
Less: Accumulated depreciation	198.31	163.39
Net block	329.74	323.08
(iii) Capital work in progress		
Construction work-in-progress -Civil	309.47	376.51
Construction stores (including in transit)	11.27	9.99
Plant & machinery and other equipments		
-Under Erection/ Fabrication/awaiting erection	1731.32	1078.62
-In transit	277.30	273.79
Leased assets under erection	0.12	0.28
	2329.48	1739.20
(iv) Intangible assets under development	39.42	24.21
	39.42	24.21
Total	7035.92	6282.06
Refer to details in Note no. 10.1		

Includes ₹ 1198.13 Crore (previous year ₹ 437.66 Crore) share of jointly controlled entities.

Note 10.1

Fixed assets - consolidated

(₹ in Crore)

	Gross Block			Depreciation			Net Block		
	Cost As at 31.03.2012	Additions/ adjustments during the year	Deductions/ adjustments during the year	Cost As at 31.03.2013	Lease adjustment Account	Depreciation/ Amortisation upto 31.03.2013	As at 31.03.2013	As at 31.03.2012	Depreciation/ Amortisation for the year
Factory/ Office Complex									
(i) Tangible Assets									
Freehold land (incl. development exp.)	31.75	0.94	14.41	18.28			18.28	31.75	
Leasehold land (incl. development exp.)	6.05	0.15	0.00	6.20		0.41	5.79	5.66	0.01
Roads, bridges and culverts	20.79	5.83	0.02	26.60		5.34	21.26	16.91	1.45
Buildings	1346.75	258.80	0.48	1605.07		603.28	1001.79	866.43	123.57
Leashold buildings	3.31		0.19	3.12		1.39	1.73	1.98	0.05
Drainage, sewerage and water supply	21.80	3.39	0.02	25.17		12.03	13.14	10.30	0.56
Railway siding	15.05	1.56		16.61		9.25	7.36	6.38	0.60
Locomotives and wagons	31.13	13.35		44.48		21.03	23.45	11.77	1.67
Plant & Machinery	6036.38	562.06	18.28	6580.16		4051.40	2528.76	2614.70	644.64
Electronic data processing equipments	141.75	8.09	1.84	148.00		140.82	7.18	6.33	2.34
Electrical installations	278.98	23.51	0.19	302.30		121.29	181.01	175.80	18.16
Construction Equipment	217.39	36.86	0.62	253.63		168.59	85.04	78.50	30.19
Vehicles	20.10	0.07	1.05	19.12		16.65	2.47	3.51	0.51
Furniture & fixtures	45.70	9.26	0.64	54.32		17.25	37.07	31.80	3.52
Office & other equipments	147.61	23.86	1.24	170.23		82.04	88.19	74.39	9.65
Fixed assets costing upto ₹10,000/-	97.63	10.05	1.57	106.11		106.11			10.03
Capital expenditure	0.44			0.44		0.44			
Assets Given on Lease	497.15			497.15	3.35	493.79	6.71	3.79	0.15
P&M taken on lease		0.16		0.16		0.16			
EDP Equipment taken on lease	341.13	81.08	20.89	401.32		233.55	167.77	156.58	68.26
Office & other equipment taken on lease	6.43	1.46	0.91	6.98		3.39	3.59	3.87	0.85
Total Tangible Assets-factory	9307.32	1040.48	62.35	10285.45	3.35	6088.21	4200.59	4100.45	916.21
(ii) Intangible Assets									
Goodwill on consolidation	185.87			185.87			185.87	185.87	
- Internally developed									
Software		0.66		0.66		0.61	0.05		0.08
Others	29.97	10.19	0.06	40.10		23.45	16.65	15.73	9.29
- Others									
Software	119.88	20.93	0.12	140.69		120.30	20.39	9.88	10.40
Technical Know-how	141.30	10.58	0.00	151.88		45.10	106.78	110.45	14.24
Others	8.85			8.85		8.85		0.05	0.05
Total Intangible Assets- Factory	485.87	42.36	0.18	528.05		198.31	329.74	321.98	34.06
Total of Factory Assets	9793.19	1082.84	62.53	10813.50	3.35	6286.52	4530.33	4422.43	950.27
Township/ Residential									
(i) Tangible Assets									
Freehold land (incl. development exp.)	2.17			2.17			2.17	2.17	
Leasehold land (incl. development exp.)	1.99	0.05		2.04		0.62	1.42	1.41	0.02
Roads, bridges and culverts	5.29	0.59		5.88		3.11	2.77	2.27	0.09
Buildings	134.95	44.19	3.13	176.01		68.08	107.93	69.10	3.18
Leasehold buildings	0.27			0.27		0.21	0.06	0.07	0.01
Drainage, sewerage and water supply	17.41	0.17	0.00	17.58		14.72	2.86	3.07	0.38
Plant and Machinery	17.55	2.27	0.01	19.81		12.56	7.25	6.37	1.37
Electrical installations	18.20	0.89	0.09	19.00		15.35	3.65	3.32	0.49
Vehicles	1.08		0.01	1.07		1.02	0.05	0.07	0.01
Furniture & fixtures	0.94	0.12	0.03	1.03		0.45	0.58	0.57	0.07
Office & other equipments	21.67	1.36	0.10	22.93		14.98	7.95	7.80	1.11
Fixed assets costing upto ₹10,000/-	2.44	0.18	0.01	2.61		2.61			0.18
Total Tangible Assets- Township	223.96	49.82	3.38	270.40		133.71	136.69	96.22	6.91
Total of Township Assets	223.96	49.82	3.38	270.40		133.71	136.69	96.22	6.91
Total Tangible Assets	9531.28	1090.30	65.73	10555.85	3.35	6221.92	4337.28	4196.67	923.12
Total Intangible Assets	485.87	42.36	0.18	528.05		198.31	329.74	321.98	34.06
Total of factory & township	10017.15	1132.66	65.91	11083.90	3.35	6420.23	4667.02	4518.65	957.18
Previous year	8344.13	1716.38	43.36	10017.15	3.64	5502.14	4518.65	3609.71	803.24

Gross Block as at 31.03.2013 includes assets condemned and retired from active use ₹ 61.57 Crore (Previous year ₹ 59.20 Crore)

Net Block as at 31.03.2013 includes assets condemned and retired from active use ₹ 0.14 Crore (Previous year ₹ 0.18 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.

There is no impairment loss in fixed assets during the year.

Gross Block includes ₹ 21.12 Crore (previous year ₹ 31.43 Crore) share of joint controlled entities.

Depreciation for the year includes ₹ 1.58 Crore (previous year ₹ 1.28 Crore) share of joint controlled entities.

2012-13	2011-12
30.81	30.81

11 - Non-current investments

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Long Term Investments (at cost)				
Unquoted Shares(Fully paid up):				
<u>TRADE:</u>				
1402 (previous year 1402) Equity shares of ₹ 10/- each (Previous year ₹ 10 each) of Engineering Projects (India) Ltd.	*		*	
490 (previous year 490) Equity shares of ₹ 10/- each (Previous year ₹ 10 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.	5.00	5.92	5.00	5.92
Joint Ventures Companies				
1999999 (previous year 1999999) Equity Shares of ₹ 10/- each of Powerplant Performance Improvement Ltd.	2.00		2.00	
Less: Provision for diminution in value	2.00	0.00	2.00	0.00
<u>OTHER THAN TRADE</u>				
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		*		*
*Value of less than ₹ 1 lakh/-				
		5.94		5.94
Aggregate value of Unquoted Investments		5.94		5.94
Aggregate provision in diminution in value of Investments		2.00		2.00

12 - Deferred tax assets (Net)

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Provisions	1091.82	1021.00
Statutory dues	484.03	555.64
Modvat Adjustment	60.79	75.57
Others	34.18	37.37
	1670.82	1689.58
Deferred Tax Liabilities		
Depreciation	115.02	140.10
Deferred tax assets (net)	1555.80	1549.48

Includes ₹ 4.36 Crore (previous year ₹ 3.24 Crore) share of jointly controlled entities.

13 - Long-term loans and advances

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Capital advance	325.67	308.52
Deposits	54.30	44.52
Loans to employees	1.47	1.68
Loans to Public Sector Undertakings	12.00	16.00
Loans to Others	0.00	0.01
Interest accrued and or due on loans	0.56	0.78
	394.00	371.51
Advances (Recoverable in cash or in kind or for value to be received)		
For purchases	104.27	402.95
To Others	70.04	118.02
	174.31	520.97
Deposits		
Balance with customs, Port Trust and other Govt. Authorities	42.54	38.56
Advance Tax/TDS (Net of Provision for Taxation)	341.94	71.90
	952.79	1002.94
Less: Provisions	23.01	45.49
	929.78	957.45
Sub classification:-		
Secured, considered good	12.16	17.81
Unsecured, considered good	917.62	939.64
Doubtful	23.01	45.49
	952.79	1002.94
Includes:		
Due from Officers	0.03	-

Includes ₹ 264.67 Crore (previous year ₹ 287.61 Crore) share of jointly controlled entities.

14 - Other non-current assets

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Long term trade receivables	13099.34		11505.74	
Less: Provision for bad & doubtful debts	1804.85		1749.90	
Less: Automatic price reduction adjustment a/c	577.83	10716.66	361.38	9394.46
Pre-operative Expenses / Preliminary expenses		97.77		21.80
		10814.43		9416.26
Sub classification: Long term trade receivables				
Secured, considered good		-		-
Unsecured, considered good		10716.66		9394.46
Doubtful		2382.68		2111.28
		13099.34		11505.74
Long term trade receivables include deferred debts- - ₹ 9859.62 Crore (previous year ₹ 8194.77 Crore)				
Includes ₹ 9.34 Crore (previous year ₹ 1.41 Crore) share of jointly controlled entities.				

15 - Inventories

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Raw material & components	4516.79		4971.92	
Material-in-transit	708.70	5225.49	1859.24	6831.16
Work-in-progress (including items with sub-contractors)		4202.73		4841.46
Finished goods	1361.39		953.79	
Inter division transfers in transit	297.06	1658.45	199.60	1153.39
Stores & spare parts				
Production	243.40		214.56	
Fuel stores	24.22		15.19	
Miscellaneous	48.15	315.77	38.29	268.04
Materials with fabricators/contractors		234.95		316.70
Loose tools		44.58		46.38
Scrap (at estimated realisable value)		67.21		68.35
Non moving inventory	185.30		176.62	
Less: Provision for non-moving inventory	65.45	119.85	68.70	107.92
		11869.03		13633.40

Refer to Significant Accounting Policy No. 9 regarding mode of valuation

Includes ₹ 44.30 Crore (previous year ₹ 13.84 Crore) share of jointly controlled entities.

16 - Trade receivables

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
Debts outstanding for a period exceeding six months	11781.57	10426.34
Other debts	18668.74	16924.51
	30450.31	27350.85
Less : Provision for bad & doubtful debts & automatic price reduction adjustment	1080.02	799.52
	29370.29	26551.33
Trade receivables include deferred debts-		
- (₹ 7243.93 Crore (previous year ₹ 6100.13 Crore))		
Trade receivables include goods despatched pending billing		
- (₹ 1705.16 Crore (previous year ₹ 1717.07 Crore))		
Trade receivables include valuation adjustment-		
- (₹ 1274.42 Crore (previous year ₹ 1475.07 Crore))		
Particulars of current trade receivables :		
Secured, considered good	-	-
Unsecured, considered good	29370.29	26551.33
Doubtful	1080.02	799.52
	30450.31	27350.85

Includes ₹ 116.03 Crore (previous year ₹ 117.73 Crore) share of jointly controlled entities.

17 - Cash & Bank Balances

(₹ in Crore)

	Figures as at 31.03.2013	Figures as at 31.03.2012
<u>Cash & Cash equivalents</u>		
Balances with Banks*	2673.27	1717.06
Fixed Deposits having maturity less than 3 months	1300.00	1250.00
Cheques, Demand Drafts on hand	420.03	365.79
Cash & Stamps in on hand	1.19	1.27
Margin money deposit	0.56	0.21
<u>Other Bank Balances</u>		
Fixed Deposit having maturity more than 3 months & less than 12 months	3450.00	3400.00
	7845.05	6734.33
*Includes		
Earmarked against unclaimed dividend	3.52	2.18
Non-repatriable account	13.16	19.28

Includes ₹ 84.49 Crore (previous year ₹ 51.44 Crore) share of jointly controlled entities.

18 - Short-term loans and advances

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Loans				
Loans to Employees	0.15		0.16	
Materials Issued on loan	9.74		9.74	
Loans to others	0.01		0.01	
Loans to Public Sector Undertakings	4.00		4.00	
Interest accrued and or due on loans	2.65	16.55	1.59	15.50
Advances (Recoverable in cash or in kind or for value to be received)				
To subsidiaries	0.55		0.00	
To employees	32.30		32.21	
For purchases	721.90		963.03	
To Others	1035.50	1790.25	889.59	1884.83
Deposits				
Balance with customs, Port Trust and other Govt. Authorities		342.07		295.01
Others		56.94		40.35
		2205.81		2235.69
Less: Provision for doubtful loans & advances		82.08		87.65
		2123.73		2148.04
Particulars of Loans and advances:-				
Secured, considered good	6.19		4.25	
Unsecured, considered good	2117.54		2143.79	
Doubtful	82.08		87.65	
	2205.81		2235.69	
Includes:				
Due from Directors	-		-	
Due from Officers	0.11		0.15	
Includes ₹ 69.72 Crore (previous year ₹ 18.55 Crore) share of jointly controlled entities.				

19 - Other current assets

(₹ in Crore)

	Figures as at 31.03.2013		Figures as at 31.03.2012	
Interest Accrued on Banks Deposits and investments	201.27		151.37	
Other Current Assets	1.46		0.62	
	202.73		151.99	
Includes ₹ 2.44 Crore (previous year ₹ 1.11 Crore) share of jointly controlled entities.				

20 - Revenue from operations

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Sales less returns	43802.51	44408.37
Income from external erection & other services & revenue from works contract	6870.33	5489.20
	50672.84	49897.57

Includes ₹ 465.01 Crore (previous year ₹ 329.41 Crore) share of jointly controlled entities.

21 - Other Operational Income

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Export Incentives	24.27	11.95
Rental income on leased assets	0.93	0.93
Lease equalisation account	-0.29	3.82
Scrap sale	283.94	309.83
Receipt from sale/transfer of surplus stock	0.07	0.17
Others	500.61	429.57
	809.53	756.27

Includes ₹ 0.07 Crore (previous year ₹ 0.06 Crore) share of jointly controlled entities.

22 - Other Income

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
A. Other income		
Profit on sale of Long Term Investments	31.50	0.00
Profit from sale of fixed assets & capital stores (net)	3.42	4.01
Dividend	19.00	16.98
Exchange variation (net)	141.57	99.32
Others (including grants of ₹ 0.33 Crore (previous year ₹ 0.33 Crore) from Govt of India for R&D Projects)	319.68	331.46
Total (A)	515.17	451.77
B. Interest Income		
From customers	0.03	2.56
From banks	542.63	792.82
Others	70.93	24.88
Total (B)	613.59	820.26
Total Other Income	Total (A+B)	1128.76
		1272.03

Includes ₹ 5.40 Crore (previous year ₹ 6.02 Crore) share of jointly controlled entities.

23 - Cost of material consumption, erection and engineering expenses

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Consumption of raw material & components	23239.40	24697.81
Consumption of stores & spares	590.59	569.04
Erection and Engineering exp. - payment to sub-contractors	4341.39	3865.84
	28171.38	29132.69

Includes ₹ 371.88 Crore (previous year ₹ 251.96 Crore) share of jointly controlled entities.

24 - Increase/(Decrease) in work in progress & finished goods

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Work-in-progress		
Closing Balance	4204.10	4842.50
Opening Balance	4842.50	4142.64
	-638.40	699.86
Finished Goods		
Closing Balance	1362.15	954.27
Opening Balance	954.27	859.13
	407.88	95.14
Inter-division transfer in transit	109.32	34.90
	-121.20	829.90
NOTE:		
Element of Excise duty in Finished Goods		
Closing Balance	126.59	99.97
Opening Balance	99.97	81.96

Includes ₹ 0.46 Crore (previous year ₹ 0.26 Crore) share of jointly controlled entities.

25 - Employee benefits expense

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Salaries, wages, bonus, allowances & other benefits	4910.26	4643.31
Contribution to gratuity fund	144.76	152.74
Contribution to provident and other funds	302.17	279.44
Group insurance	11.80	12.15
Staff welfare expenses	455.01	441.73
	5824.00	5529.37

Includes ₹ 14.04 Crore (previous year ₹ 11.08 Crore) share of jointly controlled entities.

26 - Finance costs

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Interest expenses	43.60	26.70
Other Borrowing Costs	84.01	26.37
	127.61	53.07
Less: Borrowing Cost capitalised	0.00	0.00
	127.61	53.07

Includes ₹ 1.14 Crore (previous year ₹ 0.29 Crore) share of jointly controlled entities.

27 - Other expenses of manufacture, administration, Selling & distribution

(₹ in Crore)

	Figures for the current year ended 31.03.2013	Figures for the previous year ended 31.03.2012
Royalty, technical, Resident consultant's charges & other consultancy charges	126.76	81.67
Rent	86.18	96.54
Excise duty	307.28	248.70
Power & Fuel	562.18	515.10
Rates & taxes	72.96	46.34
Service tax	13.22	15.16
Insurance	125.95	133.60
Repairs:		
Buildings	97.17	80.39
Plant & machinery	38.97	36.51
Others	153.41	139.31
Other expenses in connection with exports	28.28	26.79
Losses written off	1.06	0.09
Bad debts written off	28.13	22.68
Carriage outward	574.16	624.41
Travelling & conveyance	200.72	185.51
Miscellaneous expenses	1004.22	887.19
Liquidated damages charged off	349.68	74.53
Donations	0.03	0.17
Corporate social responsibility & sustainability development expenses	37.95	36.47
	3808.31	3251.16

Includes ₹ 16.87 Crore (previous year ₹ 15.28 Crore) share of jointly controlled entities.

28 - Provisions (net)

(₹ in Crore)

	Figures for the current year ended 31.03.2013		Figures for the previous year ended 31.03.2012	
Doubtful debts, Liquidated Damages and Loans & advances				
Created during the year	1209.26		973.61	
Less written back during the year	819.57	389.69	345.30	628.31
Contracutal Obligations				
Created during the year	1793.43		1198.64	
Less written back during the year	647.70	1145.73	333.81	864.83
Others				
Created during the year	87.59		53.81	
Less written back during the year	39.25	48.34	141.42	-87.61
		1583.76		1405.53

Includes ₹ 1.41 Crore (previous year ₹ 0.46 Crore) share of jointly controlled entities.

29 - Prior period adjustments (net)

(₹ in Crore)

	Figures for the current year ended 31.03.2013		Figures for the previous year ended 31.03.2012	
INCOME				
Sales less returns	1.97		-19.32	
Other operational income	0.00		0.30	
Other income	0.13		0.17	
Interest income	0.00	2.10	-0.21	-19.06
EXPENDITURE				
Payment to Subcontractors	0.06			
Consumption of Raw material & components	0.47		1.64	
Depreciation	0.77		2.67	
Misc. Expenses	1.25	2.55	-4.24	0.07
		-0.45		-19.13

Includes ₹ 0.02 Crore (previous year ₹ 0.13 Crore) share of jointly controlled entities.

30 - Exceptional items

(₹ in Crore)

	Figures for the current year ended 31.03.2013		Figures for the previous year ended 31.03.2012	
Waiver of interest		-4.14		-0.16
		-4.14		-0.16

Includes ₹ nil (previous year ₹ nil) share of jointly controlled entities.

31 - Tax expense

(₹ in Crore)

	Figures for the current year ended 31.03.2013		Figures for the previous year ended 31.03.2012	
a) Current tax				
for current year	3063.78		3296.26	
excess provision created in earlier years written back	-219.85	2843.93	-631.98	2664.28
b) Deferred tax charge / (credit)		-6.32		615.69
		2837.61		3279.97

Includes ₹ 20.65 Crore (previous year ₹ 17.34 Crore) share of jointly controlled entities.

Significant Accounting Policies

(Consolidated Financial Statement)

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. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the income and expenditure during the reporting period and the assets and liabilities including contingent liabilities at the date of financial statements. The differences between actual results and estimates are recognized in the period in which results are known.

3. 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 and impairment, if any.
- (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.

4. 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 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 capitalized. Lease income arising there from is recognized as income over the lease period.

B) Assets Taken on Lease

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

5. Intangible Assets

A. Intangible assets are capitalized at cost if

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

- Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to statement of profit and loss 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 capitalized.

6. 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.

7. Depreciation

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

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

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

- Fixed assets used outside India pursuant to long term contracts are depreciated over the duration of the initial contract.
- 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 (43% 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, 1948, 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.

8. 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 statement of Profit and Loss.

9. 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.

10. 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.

11. 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.

12. 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 statement of Profit and Loss.

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.

13. 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.

Compensation under Voluntary Retirement Scheme is charged off in the year of incurrence on a pro-rata monthly basis.

14. 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.

15. 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.

16. 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.

17. Taxes on Income

Current tax is determined on the basis of taxable income in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability/asset resulting from timing difference between accounting income and taxable income is recognised considering the tax rate and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax asset is accounted for and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets

can be realised. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

18. Impairment

The carrying amount of cash generating units is reviewed at each balance sheet date where there is any indication of impairment. An impairment loss is recognised in the statement of profit and loss where the carrying amount exceeds the recoverable amount of the cash generating units. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

19. Segment Reporting

Segment reporting is in line with the accounting policies of the company. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/expenses/assets/liabilities."

32 - Other notes to consolidated financial statements

- 1 The Consolidated Financial Statements relate to Bharat Heavy Electricals Limited (the 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 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.
- Minority interest' share of net loss of consolidated subsidiary for the year is adjusted against the income of the group in order to arrive at the net income attributable to shareholder of the company.
- Minority interest share of net liabilities of consolidated subsidiary is identified and presented in consolidated balance sheet separate from assets / liabilities & equities of the company shareholder.

- 2 The Consolidated Financial Statements includes the result of following entities:

Name of Company		Country of Incorporation	Proportion (%) of Shareholding as on 31.03.2013	Proportion (%) of Shareholding as on 31.03.2012
Subsidiary Company				
1)	Bharat Heavy Plate and Vessels Ltd. (BHPV)	India	100	100
2)	BHEL Electrical Machines Ltd. (BHEL EML)	India	51	51
Joint Venture Companies				
1)	BHEL-GE Gas Turbine Services Ltd.	India	one share less than 50%	one share less than 50%
2)	NTPC-BHEL Power Projects Pvt. Ltd.	India	50	50
3)	Udangudi Power Corporation Ltd.	India	-	50
4)	Dada Dhuniwale Khandwa Power Ltd.	India	50	50
5)	Raichur Power Corporation Ltd.	India	43	46
6)	Latur Power company Ltd.	India	50	50

- (a) The financial statements of BHPV and BHEL EML are consolidated based on the audited financial statement for the year ended on 31.03.2013.
- (b) The interest in Joint Venture Companies in respect of BHEL-GE Gas Turbine Services Ltd. is considered based on audited financial statements for the year ended as on 31.03.2013.
- (c) The interest in Joint Venture in respect of Power Plant Performance Improvement Ltd. (PPIL) have not been considered in preparation of Consolidated Financial Statements as the company is under liquidation and full amount of equity investment has been provided for diminution in the value of investment.
- (d) The interest in Joint Venture in respect of NTPC BHEL Power Projects Private Limited, Raichur Power Corporation Ltd., Dada Dhuniwale Khandwa Power Ltd. and Latur Power Company Ltd. is considered based on unaudited financial statements for the year ended on 31.03.2013.
- (e) BHEL's entire equity stake of Udangudi Power Corporation Limited was sold on 26.03.2013

			2012-2013	2011-2012
3	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	₹ in Crore	450.82	640.57
	The above includes for acquisition of intangible assets	₹ in Crore	1.65	13.84
	In view of the nature of business, being long term construction contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.			
4	Land and buildings includes			
a)	i) Acres of land for which formal transfer/ lease deed have not been executed	Acres	8662.27	8662.27
	ii) Number of flats for which formal transfer/ lease deed have not been executed [Net Block ₹ 0.12 Crore (previous year ₹ 0.13 Crore)]	Nos.	12	12
	iii) Number of buildings for which formal transfer/ lease deed have not been executed [Net Block ₹ 5.21 Crore (previous year ₹ 5.35 Crore)]	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	51.52	91.52
b)	Acres of land leased to Ministry of Defence, Govt. of India Departments & others	Acres	31.27	31.27
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 under adverse possession. (Cost of land mentioned above in 4 (a)(i),(a)(iv),(b),(c)&(d) is not material)	Acres	377.93	122.94
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.	₹ in Crore	11.62	23.06

Normal depreciation on above.	₹ in Crore	3.36	5.79
Excess amount charged.	₹ in Crore	8.26	17.27
6 Sales less returns			
a Includes based on provisional prices	₹ in Crore	261.87	242.89
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;	₹ in Crore	2136.62	2156.26
c includes despatches of equipment held on behalf of customers at their request for which payment has been received by Company; and	₹ in Crore	156.15	31.95
d excludes for price reduction (net of refund) due to delay in delivery as per the terms of the contract .	₹ in Crore	201.19	263.79
7 Contingent liabilities :			
A Claims against the company not acknowledged as debt :			
i) a Income Tax Pending Appeals	₹ in Crore	34.36	48.86
b Against which paid under protest included under the head "deposit others"	₹ in Crore	0.00	0.00
ii) a Sales Tax Demand	₹ in Crore	890.36	748.23
b Against which paid under protest included under the head "Advances Recoverable"	₹ in Crore	129.19	105.99
iii) a Excise Duty demands	₹ in Crore	438.90	424.64
b Against which paid under protest included under the head "Advances Recoverable"	₹ in Crore	13.91	10.64
iv) a Custom Duty demands	₹ in Crore	2.63	2.66
b Against which paid under protest included under the head "Advances Recoverable"	₹ in Crore	0.06	0.06
v) Court & Arbitration cases	₹ in Crore	746.57	591.18
vi) a Liquidated Damages	₹ in Crore	3381.71	2299.28
b Amount deducted by customers towards LD included in vi)a	₹ in Crore	2005.50	1579.19
vii) Counter Claim by contractors	₹ in Crore	0.61	0.61
viii) a Service Tax Demand	₹ in Crore	186.03	151.31
b Against which paid under protest	₹ in Crore	0.00	0.00
ix) Others	₹ in Crore	158.88	208.53
x) Corporate Guarantee given on behalf of subsidiary company (BHPV)	₹ in Crore	6.56	9.57

(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 ₹ 5,000 Crore (previous year ₹ 3,000 Crore) and Company's counter guarantee / indemnity obligations in regard to bank guarantee / letters of credit limit aggregating to ₹ 50,000 Crore (previous year ₹ 52,000 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, trade receivable and other current assets both present and future. The outstanding bank guarantees as at 31.03.2013 is ₹ 41,786 Crore (previous year ₹ 38,200 Crore) and Corporate Guarantee as on 31.03.2013 is ₹ 4,417.71 Crore (Previous year ₹ 4,448.14 Crore).

9 Balances shown under Trade Receivables, Trade Payables, 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 as the company is in the business of long term construction contracts & provisions wherever considered necessary have been made in line with the guidelines.

10 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:

	(₹ in Crore)	
	2012-13	2011-12
Contract revenue recognised for the year	42268.26	42170.73
In respect of Contract in progress at the end of year :		
Cost incurred and recognised profits (less recognised losses)	207720.39	166825.51
Amount of advance received	7912.90	10257.22
Amount of retentions (deferred debts)	16932.57	13533.88
In respect of dues from customers after appropriate netting off		
Gross amount due from customer for the contract work as an asset	2833.23	2728.40
Gross amount due to customer for the contract work as a liability	2655.14	4030.50
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. However, it is impracticable to quantify the impact of change in estimates.

11 The disclosure relating to derivative instruments:

a) The derivative instruments that are hedged and outstanding as on 31.03.2013 is Nil (previous year Nil).

b) The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under :

		2012-13	2011-12
a) Assets / Receivables (i.e. Debtors)			
In foreign currency			
in US\$	in Crore	62.73	55.72
in EURO	in Crore	60.61	46.69
in LYD	in Crore	0.88	0.87
in RO	in Crore	0.03	0.03
In Indian currency			
in US\$	₹ in Crore	3383.78	2779.88
in EURO	₹ in Crore	4160.17	3123.98
in LYD	₹ in Crore	37.17	35.60
in RO	₹ in Crore	4.78	4.48
in Others	₹ in Crore	35.19	43.59

b) Liabilities (i.e. Advances from customers / creditors)

In foreign currency

in US\$	in Crore	37.65	36.17
in EURO	in Crore	32.62	34.17
in LYD	in Crore	1.42	1.49

In Indian currency

in US\$	₹ in Crore	2066.01	1818.06
in EURO	₹ in Crore	2297.00	2347.33
in LYD	₹ in Crore	61.00	62.18
in Others	₹ in Crore	151.22	230.31

12 a) Expenditure on departmental Repair & maintenance which are as under :

(₹ in Crore)

	2012-13	2011-12
Plant & Machinery	193.09	178.30
Buildings	59.82	54.93
Others	33.14	36.75
b) Agency Commission on exports included in expenses in connection with exports	18.87	17.54
c) Expenditure on research & development	338.23	321.26
d) Rent Residential	59.14	74.68
e) Payment to Auditors		
As Auditors	0.58	0.52
includes paid abroad	0.01	0.04
Reimbursement of expenses	0.16	0.16
Taxation matters(including certification)	0.13	0.14
includes paid abroad	0.00	0.02
Other services	0.35	0.34
f) Payment to Cost Auditors	0.13	0.01
g) Expenditure on entertainment	8.35	8.05
h) Expenditure on foreign travel	19.82	16.76
i) Expenditure on Publicity and Public relations		
Salaries allowances & other benefits	11.75	10.69
Other expenses	15.14	15.29
j) Director's Fees	0.14	0.25

13 As required by AS-18 'Related Party Disclosures' are given below :

i) Related Parties - Joint Venture Companies

- 1 Powerplant Performance Improvement Ltd.
- 2 BHEL-GE Gas Turbine Services Pvt. Ltd.
- 3 NTPC-BHEL Power Projects Pvt. Ltd.
- 4 Udangudi Power Corporation Ltd. (Upto 26.03.2013)

- 5 Latur Power company Ltd.
- 6 Raichur Power Corporation Ltd.
- 7 Dada Dhuniwale Khandwa Power Ltd.

ii) Key Management Personnel

S/Shri

B.P. Rao, Atul Saraya, O. P. Bhutani, M.K. Dube and P. K. Bajpai, R. Krishnan(w.e.f 01.04.2012), C.P. Chengappa, L. Gopalakrishnan, Anand K. Bansal, P. K. Verma, C. V. Rajagopalan, Bhavaraju Srinivasa Rao, Arup Roychoudhary, I. J. Kapoor, Y. K. Rastogi, Subodh Gupta, W. V. K. Krishna Shankar, Vijendra Nanavati, A. V. Krishnan, Rakesh Mathur, P. Bhaskar, M.R. Kamble, R. Nagaraja, C. V. Rajagopalan, B. S. Rao, Anil Ahuja, K. Shamsuddin, Mohd. Suleman, MG Waghmode, J. K. Srinivasan, V. S. Patil, N. Ravi Chander, S. Srinivasa Rao, Quek Boon Singh, Mahesh Palashikar, D. Asokan, G. Udaykumar, Rajeev Srivastava, T. T. Joseph, Rajiv Sachdeva, Yogesh Gupta, K. Gnanadesikan, G. Rajgopal and T. Jeyaseelan.

iii) Details of Transactions

Joint Ventures		2012-13	2011-12
Purchase of Goods and Services	₹ in Crore	86.70	98.14
Sales of Goods and services	₹ in Crore	2757.14	654.23
Receiving of Services	₹ in Crore	0.00	97.52
Rendering of Services	₹ in Crore	303.63	46.98
Dividend income	₹ in Crore	16.66	16.96
Royalty income	₹ in Crore	0.90	0.63
Purchase of shares	₹ in Crore	-	22.50
Sale of Shares	₹ in Crore	64.00	0.00
Amounts due to BHEL at the end of the year	₹ in Crore	978.18	595.06
Amounts due from BHEL at the end of the year	₹ in Crore	588.65	1022.24
Advance deposit towards issue of shares	₹ in Crore	-	-
Provision for Doubtful debts	₹ in Crore	4.39	0.76
Advances given	₹ in Crore	2.20	8.36

Note : Majority of transactions are with BGGTS, NBPPL and Raichur power corporation Ltd.

Key Management Personnel (KMP)

Payment of Salaries	₹ in Crore	2.53	2.90
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Relatives of KMP

Amounts due to BHEL at the end of the year	₹ in Crore	0.01	0.00
Payment of Salaries	₹ in Crore	0.25	0.20

14 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		2012-13	2011-12
not later than one year	₹ in Crore	90.43	82.04
later than one year and not later than five years	₹ in Crore	150.83	144.24
later than five years	₹ in Crore	0.00	0.00
Total minimum lease payments at the balance sheet date	₹ in Crore	<u>241.26</u>	<u>226.28</u>

b.	Present Value of (a) above			
	not later than one year	₹ in Crore	75.38	62.68
	later than one year and not later than five years	₹ in Crore	129.50	123.69
	later than five years	₹ in Crore	0.02	0.00
	Total Present Value at the balance sheet date	₹ in Crore	204.90	186.37
c.1	Finance charges	₹ in Crore	36.36	39.91
c.2	Present value of Residual value, if any	₹ in Crore	0.00	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)	Operating Lease		2012-13	2011-12
	The future minimum lease payments under non-cancellable operating lease are as under:			
	not later than one year	₹ in Crore	2.54	5.10
	later than one year and not later than five years	₹ in Crore	5.04	5.80
	later than five years	₹ in Crore	4.40	1.49
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	₹ in Crore	0.01	0.01
	Computers & peripherals	₹ in Crore	0.00	0.00
	Rentals payable over unexpired period of lease			
	Land & buildings	₹ in Crore	0.02	0.02
	Computers & peripherals	₹ in Crore	0.00	0.00

15 Earnings per Share:

			2012-13	2011-12
Weighted average number of Equity Shares outstanding during the year (A)	Nos. in Crore		244.760	244.760
Nominal Value of Equity Share	(₹)		2.00	2.00
Net Profit for the year after adjusting minority interest (B)	₹ in Crore		6693.37	7087.44
Basic and Diluted Earnings Per Share (B)/(A)	(₹)		27.35	28.96

16 The disclosure relating to Accounting Standard -29

				(₹ in Crore)
a)	Liquidated Damages		2012-13	2011-12
	Opening		1170.62	697.96
	Additions		652.27	558.82
	Usage/ Write off/payment		-433.04	-74.53
	Withdrawal/adjustments		-33.36	-11.63
	Closing Balance		1356.49	1170.62
	Contractual Obligation			
	Opening		3867.87	2997.00
	Additions		1793.43	1198.64
	Usage/ Write off/payment		-154.31	-133.48
	Withdrawal/adjustments		-494.37	-194.29
	Closing Balance		5012.62	3867.87

- 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 item No. 7 of Note - 32.
 - c) The provision for contractual obligation is made at the rate of 2.5% of the contract revenue in line with significant Accounting Policy 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.
- 17** Item of expense and income less than ₹ One Lakh are not considered for booking under Prior Period Items.
- 18** During the year 2012-13, GOI has considered the proposal of merger of BHPV with BHEL and accorded its approval as per the communication received from DHI vide letter No. F. No. 1(17)/ 2010-P.XI dated 06.03.2013. The formalities of making application to BIFR and other formalities are under process.
- 19** 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.

20 - Segment Information - Consolidated

(₹ in Crore)

	For the year ended 31.3.2013			For the year ended 31.3.2012		
A. PRIMARY SEGMENT - BUSINESS SEGMENTS						
	Power	Industry	Total	Power	Industry	Total
I SEGMENT REVENUE						
a. Segment Revenue	40041.78	10655.33	50697.11	38191.81	11717.71	49909.52
b. Inter-Segment Revenue	-	-	-	-	-	-
c. Operating Revenue-External (a) - (b)	40041.78	10655.33	50697.11	38191.81	11717.71	49909.52
II SEGMENT RESULTS						
a. Segment Results	8625.34	2233.02	10858.36	8238.79	3353.99	11592.78
b. Unallocated expenses (Net of income)			1200.04			1172.48
c. Profit before Finance cost & Income Tax (a) - (b)			9658.32			10420.30
d. Finance cost			127.61			53.07
e. Net Profit before Income Tax (c) - (d)			9530.71			10367.23
f. Income Tax			2837.61			3279.97
g. Net Profit after Income Tax			6693.10			7087.26
III ASSETS & LIABILITIES						
a. Segment Assets	48254.35	13200.27	61454.62	45063.97	13592.64	58656.61
b. Unallocated Assets			10298.08			8773.67
c. Total Assets			71752.70			67430.28
d. Segment Liabilities	31228.93	7300.31	38529.24	32447.46	8226.30	40673.76
e. Unallocated Liabilities			2686.03			1348.49
f. Total Liabilities			41215.27			42022.25
IV OTHER INFORMATION						
a. Cost incurred during the period to acquire fixed assets (Incl. CWIP)	1548.56	212.93		1118.02	446.61	
b. Depreciation	711.50	193.84		599.74	152.70	
c. Non Cash Expenses (other than depreciation)	1362.91	370.87		1397.25	122.87	
B. SECONDARY SEGMENT - GEOGRAPHICAL SEGMENTS						
	Within India	Outside India	Total	Within India	Outside India	Total
1. Net Sales / Income from Operations	49750.35	946.76	50697.11	48431.98	1477.54	49909.52
2. Total Assets	71249.22	503.48	71752.70	66948.40	481.88	67430.28
3. Cost incurred during the period to acquire Fixed Assets	1803.00	0.07	1803.07	1600.42	0.15	1600.57

Notes:

1. The primary segments have been identified as 'Power and Industry' based on the orders booked by the respective business sectors. The order booked by International operation group is taken to Power or Industry as the case may be.
2. BGGTS (JV) is in the business of sale of parts and components of gas turbines, Engineering services, repair services and uprate repairs and other joint ventures are in setting up power projects or under power business the same has been considered under 'Power Segment'.
3. BHPV (Subsidiary Co.) is in the business of fabrication/ erection on industrial boiler, fertilizer, chemicals and other equipment and BHEL EML (Subsidiary Co.) manufacturing of rotating electrical machines, considered under 'Industry segment'.



Additional Information
for Stakeholders

Ten Years Financials

(₹ in Crore)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
I EARNINGS/OUTGOINGS										
Earnings										
Turnover (Gross)	50156	49510	43337	34154	28033	21401	18739	14525	10336	8662
Revenue from Operations (Net)	47618	47228	41566	32861	26212	19305	17237	13374	9527	8019
Other Operational Income	807	751	680	493	514	422	379	277	420	313
Other Income	1121	1266	1021	1155	983	1023	445	280	236	200
Total Earnings	49546	49245	43267	34509	27709	20750	18061	13931	10183	8532
Outgoings										
Cost of material consumption, Erection & Engineering Expenses	27899	28908	23209	20672	17620	11821	10182	8145	5871	4230
(Increase)/Decrease in work in progress & Finished Goods	116	(823)	(127)	(787)	(1152)	(827)	(181)	(386)	(540)	31
Employee benefit expenses	5753	5466	5397	6540	2984	2608	2369	1879	1650	1640
Other expenses of manufacture, administration, selling and distribution (Incl. prior period items)	3777	3242	2537	2057	1823	1644	1496	1177	1212	1363
Provisions (Net)	1566	1403	2715	-934	1281	778	172	283	126	21
Less : Cost of job done for internal use	76	104	69	121	61	38	28	36	19	24
Outgoings before finance cost & depreciation	39035	38092	33662	27427	22495	15986	14009	11062	8301	7260
Profit before depreciation, finance cost & tax	10511	11153	9605	7082	5214	4763	4052	2869	1882	1272
Depreciation	953	800	544	458	334	297	273	246	219	198
Gross Profit	9558	10353	9061	6624	4880	4466	3779	2623	1663	1074
Finance Cost	125	51	55	33	31	36	43	59	81	60
Profit before tax	9432	10302	9006	6591	4849	4430	3736	2564	1582	1014
Tax Expense (Net)	2817	3262	2995	2280	1711	1571	1321	885	628	357
Profit after tax	6615	7040	6011	4311	3138	2859	2415	1679	953	657
Dividend	1323	1567	1525	1141	832	746	600	355	196	147
Corporate Dividend Tax	221	254	249	191	141	127	93	50	27	19
Retained Profit	5071	5219	4237	2979	2165	1986	1722	1274	731	491
II WHAT THE COMPANY OWNED										
Fixed Assets										
Gross Block	10783	9707	8050	6580	5225	4443	4135	3822	3629	3460
Less: Accumulated Depreciation & Lease Adj.	6325	5410	4649	4165	3754	3462	3146	2840	2585	2365
Net Block	4458	4297	3401	2415	1471	981	989	982	1044	1095
Capital WIP incl. Intangible Assets under development	1172	1348	1733	1530	1157	658	302	185	95	108
Non-Current Investments	429	462	439	80	52	8	8	8	9	29
Deferred Tax Assets(Net)	1551	1546	2164	1527	1840	1338	935	674	518	498
Current Assets, Loans & Advances and other non current assets	62518	59123	51523	42915	36901	27906	20980	16331	13343	10425
Total assets	70128	66776	59260	48467	41421	30892	23214	18180	15010	12155

Ten Years Financials (Contd.)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
III WHAT THE COMPANY OWED										
Long Term Borrowings	129	123	102	81	105	61	58	539	524	528
Liabilities & Provisions	39555	41280	39004	32489	28377	20056	14368	10340	8459	6349
Total liabilities	39684	41403	39106	32570	28482	20117	14426	10879	8983	6877
IV NET WORTH OF THE COMPANY										
Share Capital	490	490	490	490	490	490	245	245	245	245
Reserves & Surplus	29954	24883	19664	15427	12449	10285	8544	7057	5782	5051
Less : Deferred Revenue Expenditure	-	-	-	-	-	-	-	-	-	18
Net Worth	30444	25373	20154	15917	12939	10775	8788	7301	6027	5278
V NET WORKING CAPITAL	24273	17892	12551	10426	8524	7850	6612	5991	4884	4076
VI CAPITAL EMPLOYED	29161	22651	16391	12968	10091	8873	7640	7001	5950	5212
VII VALUE ADDED	19460	19098	18476	13171	9894	8323	7182	5683	4254	3680
VIII RATIOS										
PBDIT to total assets (%) #	15.4%	17.7%	17.8%	15.8%	14.4%	17.6%	19.6%	17.3%	13.9%	11.5%
Gross profit to capital employed (%) #	36.9%	53.0%	61.7%	57.5%	51.5%	54.1%	51.6%	40.5%	29.8%	21.5%
Turnover/ gross block	4.7	5.1	5.4	5.2	5.4	4.8	4.5	3.8	2.8	2.5
Earnings per share (₹) †	27.03	28.76	24.56	17.61	12.82	11.68	9.86	6.86	3.90	2.69
Net worth per share (₹) †	124.38	103.67	82.34	65.03	52.86	44.02	35.90	29.83	24.62	21.56
Current Ratio	1.64	1.43	1.32	1.32	1.30	1.40	1.50	1.60	1.58	1.65
Total Debt / Equity	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.08	0.09	0.10
Return on Net Worth	21.7%	27.7%	29.8%	27.1%	24.3%	26.5%	27.5%	23.0%	15.8%	12.5%
Gross profit margin	19.1%	20.9%	20.9%	19.4%	17.4%	20.9%	20.2%	18.1%	16.1%	12.4%
Net profit margin	13.2%	14.2%	13.9%	12.6%	11.2%	13.4%	12.9%	11.6%	9.2%	7.6%

On the basis of average assets and capital employed

† Figures are restated on post-split made in 2011-12 and bonus issue of 1:1 in 2007-08

Reconciliation of Profit (Standalone) determined under Indian GAAP with Net Income in accordance with US GAAP for the year 2012-13

	Notes	₹ Crore	US\$ (Million)
Profit after tax (Standalone) determined under Indian GAAP		6614.73	1216.18
Adjustment to conform with US GAAP			
Rental Income (lease)	1	(0.15)	(0.03)
Income from investment in Joint Ventures & Subsidiary Companies	2	59.83	11.00
Employee benefits expense	3	(31.22)	(5.74)
Research & Development Expenses	4	(26.92)	(4.95)
Depreciation & amortisation expense	5	27.07	4.98
Prior period items (incl. provision for taxation/deferred tax ₹ (-)61.03 Crore)	6	(60.59)	(11.14)
Income Tax adjustments	7	9.99	1.84
Net income in accordance with US GAAP		6592.74	1212.14

1 US\$ = 54.39 (Closing Exchange rate)

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 Companies

As per Indian GAAP dividend income from joint ventures/subsidiary companies 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 companies is recognised in the income statement in proportion to holding.

3. Employee benefits expense

As per Indian GAAP Provision for leave encashment (compensated absences) is accounted for on actuarial basis. Under US GAAP compensated absences is accounted on accrual basis.

4. 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.

5. Depreciation & amortisation expense

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.

6. 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.

7. Income Tax adjustments

Income tax adjustments has been made on US GAAP adjustments.

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 : August 3, 2013

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, 2013 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

Date : August 3, 2013

Place: New Delhi

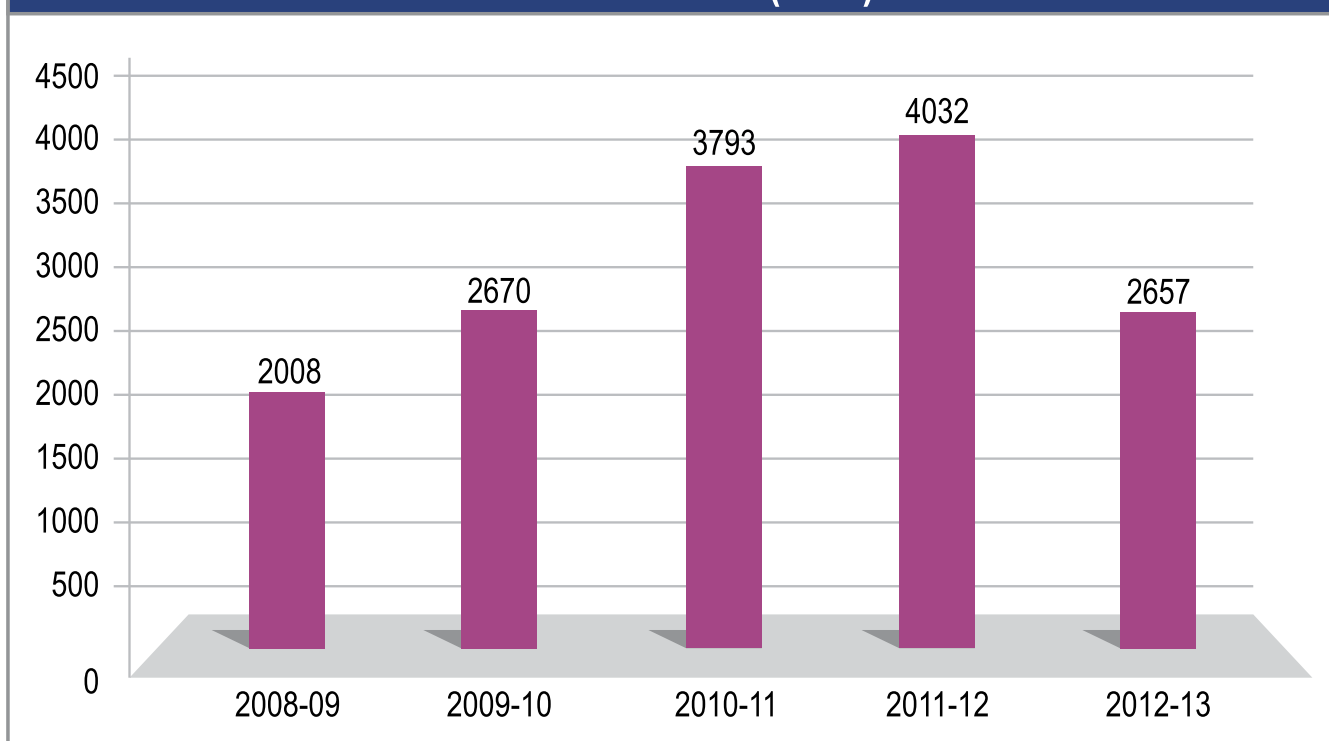
Economic Value Added (EVA)

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.

₹ Crore except as otherwise stated

		2012-13	2011-12	2010-11	2009-10	2008-09
Cost of capital						
Cost of equity	(%)	15.0	14.9	14.0	13.3	13.4
Weighted average cost of capital (WACC)	(%)	14.9	15.0	14.1	13.3	13.4
Average capital employed		25906	19521	14680	11540	7751
Economic Value added						
NOPAT		6509	6953	5867	4206	3047
Less: Cost of capital		3852	2921	2074	1536	1039
Economic value added		2657	4032	3793	2670	2008
Enterprise Value						
Market Value of equity		43322	62940	100971	117027	73944
Add: Debt		1500	193	163	128	149
Less: Cash and cash equivalents		7732	6672	9630	9790	10315
Enterprise value		37090	56461	91504	107365	63778

Economic Value Added (EVA) (₹ in Crore)



Value Addition Statement

(₹ in Crore)

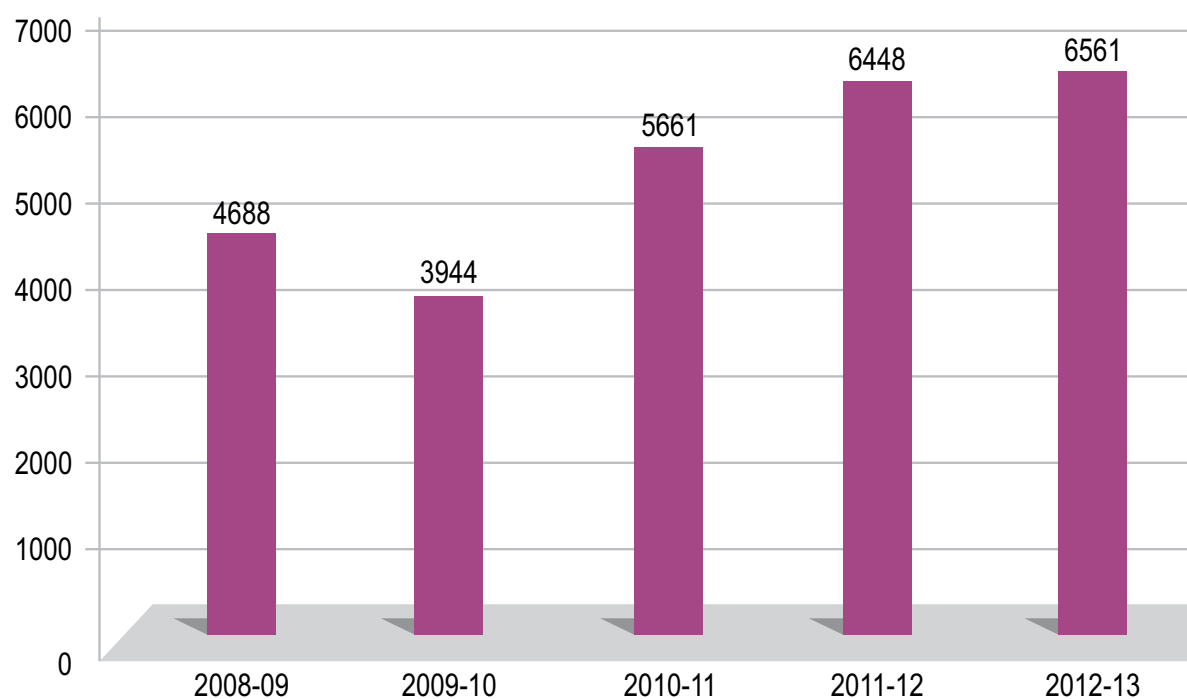
Description	2012-13	2011-12	2010-11	2009-10	2008-09
A. Generation of Value Addition					
Value of Production (less excise duty)	47219	47815	41527	33598	27351
Less - Direct Material, Power & Fuel and Payments to Contractors	27759	28717	23051	20427	17458
Value Added	19460	19098	18476	13171	9894
Less - Other Operating Exp (Net of income)	3196	2479	3461	845	567
Net Value Addition	16264	16619	15015	12326	9327
% to value of production	34.44%	34.76%	36.16%	36.69%	34.10%
B. Application of Value Addition					
Employees payments	5753	5466	5410	5243	4113
% to net value addition	35.37%	32.89%	36.03%	42.54%	44.10%
Depreciation	953	800	544	458	334
% to net value addition	5.86%	4.81%	3.62%	3.72%	3.58%
Financing charges :					
- Interest on borrowings	125	51	55	34	31
% to net value addition	0.77%	0.31%	0.36%	0.27%	0.33%
Tax Provision (Income Tax., Def. tax, FBT & Prior Period)	2818	3262	2994	2280	1711
% to net value addition	17.32%	19.63%	19.94%	18.50%	18.34%
Dividend (incl. dividend tax)	1544	1821	1775	1332	974
% to net value addition	9.49%	10.95%	11.82%	10.81%	10.43%
Retained Profit	5071	5219	4237	2979	2164
% to net value addition	31.18%	31.41%	28.22%	24.17%	23.21%

Performance Annual Plan 2012-13

(₹ in Crore)

Category of Investment	2012-13	2011-12
Schemes	549	805
Modernisation & Rationalization, others	72	69
Science and Technology	14	8
Customer Project Related Capital Investment	117	240
Total	752	1122

Contribution to Exchequer (₹ in Crore)



Product Profile

THERMAL POWER PLANTS

- Steam Generators, Steam Turbines, Turbo Generators along with regenerative feed cycle up to 800 MW capacities for fossil-fuel, 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 and matching generators ranging from 25 to 292 MW (ISO) 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 schemes
- 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 150 MW
- Industrial steam turbines and gas turbines for drive applications and co-generation applications
- Reheat steam turbines and matching generators ranging from 120 to 200 MW captive, utility and combined cycle power plants

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 up to 250 MW
 - ☐ 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 18t/ hour to 110t/ hour catering to 67.5 MW to 800 MW thermal power stations
- ☐ Tube mills for pulverizing low-grade coal with high ash content from 30t/ hour to 110t/ 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

- Bag Filters for Utility and Industrial applications
- Flue gas desulphurization (FGD) systems with sea water/ limestone slurry scrubber
- Steel Chimneys for Heat Recovery Steam Generators (HRSG), Industrial Boilers, 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 turbines Bypass Valves & hydraulic system for utilities and industrial application
- High and medium-pressure Valves, Cast and Forged Steel Valves of Gate, Globe, Non-Return (Swing-Check and Piston Lift-Check) types for steam, oil and gas duties up to 950 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 Spring Loaded Safety Valves for set pressure up to 372 kg/cm² and temperature up to 630°C, and automatic electrically operated pressure relief valves for set pressure up to 210 kg/cm² and temperature up to 593°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
- Direct Water Level Gauges
- 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 800mm diameter, 158 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 19 to 133 mm and wall thickness of 2 to 14 mm, in carbon steel and low-alloy steels to suit ASTM/API and other international specifications
- Rifled tubes
- Spiral finned tubes

CONDENSER AND HEAT EXCHANGERS

- Surface Condenser:
 - ❑ 236 MW & 700 MW for Nuclear power plants
 - ❑ 12.5 MW Marine applications
 - ❑ Industrial Condensers
- Feed Water Heaters (HP Heaters, LP Heaters, Drain Coolers etc.)
 - ❑ Thermal - 07 to 500 MW (sub-critical) & 300-800 MW (super critical with single stream)
 - ❑ Nuclear 236 MW, 500 MW and 700 MW rating
- Moisture Separator & Reheater(MSR):
 - ❑ 236 MW, 500 MW & 700 MW Nuclear sets
- Live Steam Reheater (LSR):
 - ❑ 500 MW FBR Nuclear sets
- 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 & Fertilizer industries
- Butterfly Valves(Fabricated/ cast body & door)
- Flash Tanks for thermal & nuclear sets
- Service Tanks, Storage Tanks & Pressure vessels for Thermal, Nuclear sets of all ratings & industrial applications
- CS/SS/Non-ferrous shell and tube heat exchangers and pressure vessels (For all applications irrespective of rating)
- Air-cooled heat exchangers for GTG upto Fr-9 FE, and Compressor applications of all ratings
- Steam jet air ejectors for all condensers upto 150 MW

- Deaerators from 7 MW to 800 MW
- Gland steam condensers 7 MW to 150 MW
- Gas coolers for all possible compressor applications
- Oil coolers- STG upto 150 MW, GTG upto Fr-9 F E,
- Generator Air coolers upto 150 MW STG and GTG up to 9 FA

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. (Also known as-Cooling water Pumps)

DESALINATION AND WATER TREATMENT PLANTS

- Reverse Osmosis (RO) based Desalination Plants for treating seawater, high Brackish and brackish 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 CONTROL SYSTEMS

- Steam Generator/ Boiler Controls
- Steam Turbine Controls
- Boiler Feed Pump (BFP) Drive Turbine Control
- Station Control and Instrumentation/ DCS
- Offsite/Off base controls/ Balance of Plant Controls
 - ☐ Ash handling
 - ☐ Coal Handling
 - ☐ Water System
 - ☐ Mill Reject System

- ☐ Condensate on-line tube cleaning system

- ☐ Gas Booster Compressor

- Hydro Power Plant Control System
- Gas Turbine Control System
- Nuclear Power Plant Turbine & Secondary Cycle control system
- Power block of solar thermal power plant
- Industrial Automation
- Sub-Station Automation (SAS) and Supervisory Control & data Acquisition System (SCADA)
- Electrical Control System (ECS) for Refineries
- Energy Management System (EMS) for Power Plant

POWER ELECTRONICS

- Excitation system
- AC Drive System
- Static Starters
- Induction Heating Equipment

TRANSMISSION SYSTEM CONTROL

- High Voltage Direct Current (HVDC) system
- Flexible AC Transmission system (FACTS)
 - ☐ Fixed series compensation (FCS)/ Thyristor controlled series compensation (TCSC)
 - ☐ Static VAR Compensation (SVC) System
 - ☐ Controlled Shunt Reactor (CSR)
 - ☐ Static Compensator (STATCOM)

POWER SEMICONDUCTOR DEVICES

- Diodes- Ranging from 1400-4400V/250-2000A
- Thyristors- Ranging from 1400-7000V/150-4950A

SOLAR PHOTOVOLTAICS

- Mono/ Multi Crystalline Cells (125 and 156 mm)
- Mono/ Multi Crystalline Modules (37 to 270 Wp)
- PV Systems: Grid Interactive, Hybrid and stand alone PV power plants
- Space grade solar panels
- Space Grade Batteries

DEFENCE ELECTRONICS

- Integrated Platform Management system (IPMS)

- Integrated Bridge System (IBS)
- Machinery Control Room (MCR) Simulator
- Training Simulator for Vehicles, platforms, radars, weapons, missiles and CBT for all defence and para-military forces
- Weapon Fire control system, Avionics, radio communication Products, Electronic warfare system and Early Warning Systems
- Gun control System for Main Battle Tanks (MBT)

SOFTWARE SYSTEM SOLUTION

- Merit Order rating
- Performance Analysis, Diagnostics & Optimization (PADO) for Thermal Utilities
- Performance Calculation & Optimization system
- OPC connectivity from DCS to third party systems
- Enterprise Asset Management System (EAMS)
- Enterprise Resource Planning (ERP)
- Operator Training Simulator
- Power House intranet software
- Alarm Analysis system
- Real Time Performance Data Monitoring system
- Historical Replay System

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) for power stations.
- Shunt Reactors (up to 150 MVar, 420 kV, 3 Ph/ 110 MVar, 765 kV, 1 Ph)
- Controlled Shunt Reactors (up to 200 MVA, 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, up to 333 MVA 420 kV, 1 Ph, PST (1000 MVA bank in 3 Ph) for transmission lines)
- Instrument transformers
 - ❑ Current transformers upto 400 kV
 - ❑ Electro-magnetic voltage transformers upto 220 kV
 - ❑ Capacitor voltage transformers (33KV to 1200 kV)
- Special Transformers
 - ❑ Rectifier transformer (Upto 120 kA, 132 kV)
 - ❑ Furnace transformer (Upto 33 kV, 60 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
- 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

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

CONTROL PANEL

- LT Switchgear, SCAP, Thyristor, RAPCON and STATCON Panels

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 (3.3 kV to 500 kV, 1 Ph/ 3 Ph capacitor banks of rating 0.5 MVar to 250 MVar)
- Capacitor Divider for CVT
- Coupling Capacitor for PLCC
- Surge Capacitor for protection of Generators & Transformers (11kV to 40 kV)
- Roof Capacitor for traction locomotive
 - ❑ Capacitor Divider for CVT up to 1200 kV
 - ❑ Coupling Capacitor for PLCC upto 400kV

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 400 kV class Transformer
- Off Circuit Tap Switch up to 400 kV Class Transformer

ELECTRICAL MACHINES

AC Squirrel cage, Slip ring, Synchronous, Variable speed motors; Industrial Alternators and Motors for Hazardous areas are manufactured as per range summarized below. Special-purpose machines are manufactured on request

- o Voltage, Frequency & Enclosure
- o Voltage - AC - 415 V to 13800 V
- o Frequency - 50 Hz & 60 Hz
- o Enclosure - SPDP, TETV, CACW, CACA & Duct Ventilated

- 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) for steel mills
- Industrial Alternators (Steam turbine, Gas turbine and Diesel engine driven) (3000 kVA to 25000 kVA)
- Induction Generators (300 kVA to 6000 kVA) for mini/ micro HEP
- 2 Pole Gas Turbine driven Generators up to 270 MW and matching Exciters
- 4 Pole Gas Turbine driven Generators up to 60 MW and matching Exciters
- 2 Pole Steam Turbine driven Generators up to 270 MW and matching Exciters
- 4 Pole Steam Turbine driven Generators up to 60 MW and matching Exciters
- Permanent Magnet Based Generators up to 5 MW.
- Gas Turbine generators up to 270 MW

COMPRESSORS

- Multi stage Centrifugal compressors along

with auxiliary system for various applications are manufactured and supplied with following configuration & parameters

- ☐ Model –
 - ☐ Horizontally split type up to 40 bar design pressure
 - ☐ Vertically split type up to 350 bar design pressure
- ☐ Capacity – 300000 m³/hr
- ☐ Gas – Air, CO₂, N₂, H₂, NH₃, Natural Gas, Wet Gas, Propylene etc.
- ☐ Industry – Refineries, Fertilizers, Oil & Gas, Steel, Power
- ☐ International standard – API 617
- ☐ Testing capability–MRT, Performance test, Full load, full pressure full speed test, Complete Unit Test
- ☐ Driver – Steam Turbine, Gas Turbine, Motor

CONTROL GEAR

- Industrial Control Gear
 - ☐ Electronic controllers for industries/ power plants
 - ☐ Digital Excitation control system (1000 A, 400V DC/, 400 V DC with redundant thyristor stacks & DC field breaker)
 - ☐ Large current rectifiers with PLC Based digital controls
 - ☐ Digital Hydraulic/ compact Governors
 - ☐ Digital AVR (1 Ph, 300 V DC/ 3 Ph, 400 V DC)
 - ☐ 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

- ☐ Cable set, cable trays, cable box and crew room for oil rigs.
- ☐ DG set for Oil rig application (63/ 250/ 380/ 500 KVA)
- Contactors
 - ☐ LT air break type AC for voltages up to 660V
 - ☐ 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
 - ☐ Main Starting Resistors (MSR) & Dynamic braking resistors(DBR)
 - ☐ Control cubicles
 - ☐ Excitation control & Voltage regulator panels for DE Locos
 - ☐ Rectifiers (upto 1200V), converter/ inverter for AC/ DC EMUs
 - ☐ Aux converters/ Static Inverter for AC Locos
- Control and Relay Panels
 - ☐ Control & Protection panels for EHV Transmission Projects for voltages upto 400kV
 - ☐ 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 (upto 1150 kW) for all locos & EMUs
 - ☐ DC traction motors (upto 630 kW) for all ranges of locos & EMUs
 - ☐ AC traction alternators (upto 3860 kW) for all ranges of DE locos & EMUs
 - ☐ DC traction generators up to 2000 kW
 - ☐ Motor generator sets (upto 25 kW) for all type of requirements
 - ☐ Auxiliary generators and exciters (upto 50kW) for all type of requirements
 - ☐ Eddy current clutch for radiator fan
 - ☐ DC blower motors (upto 50kW) for dynamic braking system
 - ☐ Traction grade gears and pinions
- Transportation Systems
 - ☐ Traction systems
 - ☐ Urban transportation systems
 - ☐ AC electric locomotives (upto 5000 HP, 25 kV AC, 1500 V DC)
 - ☐ AC-DC dual voltage electric locomotives
 - ☐ Diesel-electric (Upto 2600 HP) & 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

TRACTION DRIVE SYSTEM

- Traction Drive system comprising traction

converter, auxiliary converter and Vehicle Control Electronics for :

- ☐ 6000 HP GTO/ IGBT based AC Locomotives
- ☐ 1600 HP AC Electrical Multiple Unit (EMUs)
- ☐ 1400 HP Diesel Electrical Multiple Units (DEMUs)

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 metres, complete with matching draw-works and hoisting equipment including:
 - ☐ Mast and substructure
 - ☐ Rotating equipment: Draw works; Rotary; Swivels; Travelling Blocks
 - ☐ independent Rotary drive unit
 - ☐ 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
- 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 & Landing Bases for Casing Heads

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

SYSTEMS AND SERVICES

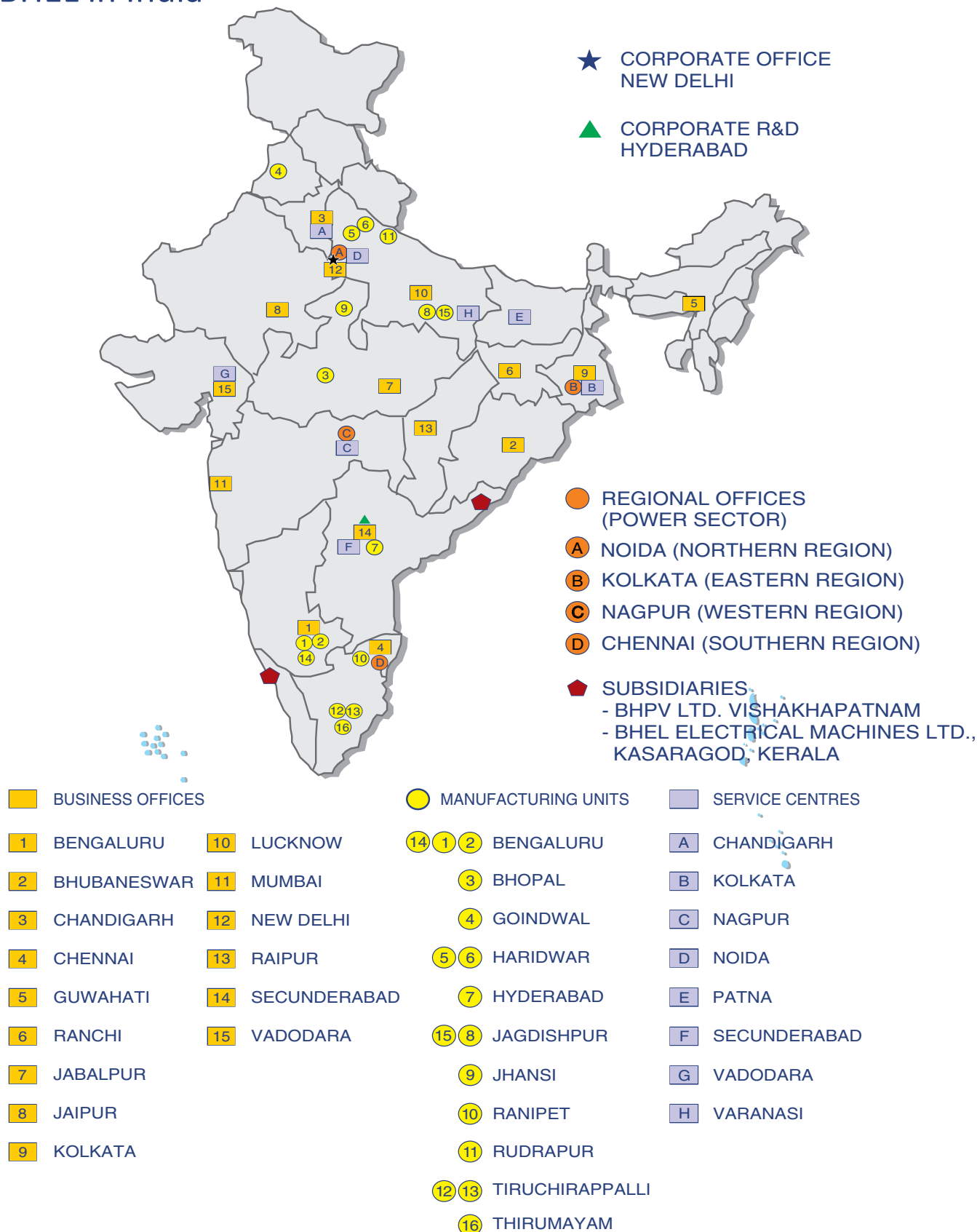
- Power Generation Systems

- ☐ Turnkey power stations/ EPC contracts
- ☐ Combined-cycle power plants
- ☐ Cogeneration systems
- ☐ Captive power plants
- ☐ Concept to Commissioning solutions for Solar Photovoltaic systems upto MWp rating
- ☐ Modernization and renovation of power stations and RLA studies
- ☐ Software packages including simulators for utilities
- ☐ 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





Business Responsibility Report of BHEL: 2012-13

Section-A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L74899DL1964GOI004281
2. Name of the Company: BHARAT HEAVY ELECTRICALS LIMITED
3. Registered address: BHEL House, Siri Fort, New Delhi – 110 049
4. Website: www.bhel.com
5. E-mail id: query@bhel.in
6. Financial Year reported : 2012-13
7. Sectors that the Company is engaged in: Refer to 'Corporate Profile', Annual Report 2012-13
8. List three key products/services that the Company manufactures/provides
 - I. Steam Turbines, Generators, Boilers & accessories for Thermal power plant
 - II. Power & instrument transformers, reactors, switchgears, insulators & HVDC system for Transmission segment
 - III. Locomotives, propulsion equipment, traction motors / alternators, VCBs for Transportation Sector
9. Total number of locations where business activity is undertaken by the Company
 - i. Number of International Locations (Provide details of major 5)
BHEL has 10 overseas offices. Major five are in Muscat Oman, Jakarta Indonesia, Almaty Republic of Kazakhstan, Thimpu Bhutan and Dubai UAE.
 - ii. Number of National Locations
The company has 16 manufacturing divisions, 2 repair units, 4 regional offices, 8 service centres, and 15 regional centres.
10. Markets served by the Company – Local/State/ National/International/
BHEL serves national as well as international markets.

Section-B : Financial Details of the Company (FY 2012-13)

1. Paid up capital : ₹489.52 Crore
2. Total Turnover : ₹50156.48 Crore
3. Total Profit after Tax : ₹6614.73 Crore
4. Total expenses incurred¹ on CSR : ₹63 Crore
5. List of activities in which expenditure on CSR has been incurred: Refer to Corporate Social Responsibility & Sustainability Development under Management Discussion & Analysis, Annual Report 2012-13

¹ Including ₹ 28 Crore out of the provision created in 2011-12

Section-C : Other Details

1. Does the Company have any Subsidiary Company/ Companies?
Yes, BHEL has two subsidiary companies.
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
Yes, both participate in BR initiatives of BHEL.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
Yes. Stakeholders like our customers, sub-contractors, vendors participate in BR initiatives of BHEL.

Section D: BR Information

1. Details of Director/Directors responsible for BR

- a) Details of the Director / BR Head responsible for implementation of the BR policy/policies

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	03053133
2	Name	R Krishnan
3	Designation	Director (HR)
4	Telephone number	011 2600 1003
5	e-mail id	rkrishnan@bhel.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	N	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Links have been provided wherever applicable								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	N	Y	Y

Notes:

1. We have various practices established based on these principles, but do not have formal policy document with respect to some of them. We plan to bring out such policies in due course of time.
2. Once a policy is approved by the Board, it need not be necessarily signed by CMD/Board Director.
3. Policies and procedures of the organization are subject to ISO 9001 / ISO 14001 / OHSAS 18001 Audits, CAG Audits, Parliamentary Committee review, Review by Board / Committee of Functional Directors / Board Level Committee / Management Committee etc.
4. BHEL is a member of industry / trade associations viz., CII, FICCI, IEEMA etc. and participates in policy advocacy through these bodies.

2a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year							√		
6	Any other reason (please specify)									

Note: We have various practices established based on these principles, but do not have formal policy document with respect to some of them. We plan to bring out such policies in due course of time.

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. (Within 3 months, 3-6 months, Annually, More than 1 year)

Within 3 months

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

BHEL publishes its Annual Environment Sustainability Report. The latest Environment Sustainability Report can be accessed through the link:

<http://www.bhel.com/healthsafety/BHEL%20Sustainability%20Report%20Final%20for%20Print.pdf>

Section E: Principle-wise performance

Principle 1: Ethics, Transparency and Accountability

The company has a Board approved 'Code for Business Conduct & Ethics' for all Board Members and Senior Management personnel which can be viewed through the following link:

http://www.bhel.com/investor_relations/pdf/Code%20of%20Business%20Conduct%20and%20Ethics.pdf

In addition, as part of BHEL's persisting endeavor to set a high standard of conduct for its employees (other than those governed by standing orders), the 'BHEL Conduct, Discipline and Appeal Rules, 1975' are in place. The Company is subject to RTI Act 2005 and audit by Statutory Auditors (under section 224 of the Companies Act, 1956), CAG audit under section 619 of the Companies Act, 1956. The company has also signed a MoU with Transparency International to adopt 'Integrity Pact' to make public procurement and contracting more transparent by binding both the parties to ethical conduct. Under delegation of power of various functionaries, accountability is well defined. Works Policy, Purchase Policy and other policy documents facilitate transparency in our working and commitment of highest order of integrity.

The Company also has a Shareholders'/Investors' Grievance Committee (SIGC) specifically to look into matters related to redressal of shareholders and investors complaints. As reported by Karvy Computershare Private Limited (RTA), 1048 complaints were received from the shareholders during the year under review and all complaints were redressed up to 31st March, 2013.

Principle 2: Products life cycle sustainability

BHEL products & services are fuel efficient, energy efficient, environment friendly and are known for world-class performance. Performance of BHEL supplied power plant equipment are driven by lower auxiliary power consumption, higher plant efficiency, lower design heat rate & better PLF - all resulting in lower life cycle cost.

Four prime products which have incorporated environmental concerns in their design are Power Plants operating with Steam at Supercritical parameters, Circulating Fluidized Bed Combustion Boilers (CFBC), Solar PV and Electrostatic precipitator (ESP).

BHEL is also implementing e-procurement in phased manner as business improvement and sustainable business practice. Reusable materials are being used for packing etc.

BHEL has pioneered entrepreneurship development in and around its manufacturing units by providing regular support to SMEs through knowledge sharing, training and development and resource mobilization etc.

Company has an institutionalised mechanism to recycle products and wastes in-house to the extent feasible. For example, each MT of the molten steel produced at our CFFP unit contains 54% of the recycled scrap (of CFFP) and 45% of MS Scrap (from other BHEL units), thus making it an almost a 100% recycled product.

Principle 3: Employee's well-being

BHEL has been a frontrunner in the area of human resource management and have documented the HRM policies and rules in the form of a Codified Personnel Manual to ensure transparency and uniformity of implementation.

1. The total number of regular employees as on 31.03.2013: 48,399

2. Total number of employees hired on temporary/contractual basis:
 - i. Temporary : Nil
 - ii. Casual : Nil
 - iii. Contractual : 14003
3. Number of permanent women employees as on 31.03.2013: 2674
4. Number of permanent employees with disabilities as on 31.03.2013: 928
5. Yes. BHEL has multiple employees' unions operating at unit/ division level.
6. The data for percentage of permanent employees who are member of recognised employee association is not available.
7. In 2012-13, company has received 2 complaints of sexual harassment which have been disposed off satisfactorily. Further, no complaint of child labour/forced labour/involuntary labour/discriminatory employment has been received.
8. During the year 2012-13, total number of training man days per employee is 4.95. Also 152 multi-skilling/skill up gradation programmes were conducted covering approximately 3000 artisans. 8390 Vocational Trainees (386586 man days) and 6139 Act Apprentices (1103205 man days) were trained in different units.

Principle 4: Stakeholder engagement

Yes, the company has identified Customers, Employees, Shareholders, Vendors and Society as its stakeholders. BHEL has processes in place to ensure inclusion of stakeholder concerns and expectations. Key issues are identified through ongoing stakeholder engagement and addressed by programmes or action plans with clear and measurable targets. BHEL has clearly identified the disadvantaged, vulnerable & marginalised stakeholder in the vicinity of the BHEL manufacturing units and their concerns are addressed as per CSR scheme to the extent possible.

Principle 5 - Human Rights

BHEL policies are in line with the principles of Human Rights, The Constitution of India and various applicable Laws. BHEL has special provisions for ensuring safeguard of women employee at the workplace. No

instance of Human Rights abuse has been reported in the Company.

Further, BHEL is a life time member of United Nations Global Compact (UNGC), India Network. The company reports its performance on 10 Principles of UNGC every year through Communication on Progress which is uploaded on company web-site also for public viewing which can be accessed at:

<http://www.bhel.com/healthsafety/BHEL's%20Communication%20on%20Progress%202012-13.pdf>

Principle 6: Environment

Sustainability is an integral part of the company's strategy as stated in Mission Statement – "Providing Sustainable Business solutions in the fields of Energy, Industry & Infrastructure".

All manufacturing Units of the company and Power Sector Regions are accredited to international standards viz. ISO-14001 for environmental management systems and have 'Health, Safety and Environment (HSE)' policy. The Environment Management System (EMS) provides for an excellent framework to identify/ assess potential environmental risks and address them in structured manner. As per the applicable statutes, the Environmental Statement showing related environmental compliance is submitted to the respective State pollution Control Board by all manufacturing units.

The organization is also striving to minimize internal carbon footprints through various initiatives like setting up a 250 KW Solar power Plant at manufacturing unit at Bhopal in 2012-13. Previously such solar power plants have been set up at EDN Bangalore and Corp R&D Hyderabad.

BHEL has also undertaken R&D initiatives towards CO₂ reduction and/or CO₂ capture through Oxy-fuel combustion, Biomass combustion, Ammonia based CO₂ sequestration systems etc. Pilot scale demonstration of co-firing Indian coals with biomass like rice husk and wood pellets were carried and trials were successfully completed during 2012-13 with 20% wt biomass and 80% wt pulverised coal. At present, establishment of 400 kW Oxy-Fuel combustion test rig is in progress at BHEL-Trichy.

Under the aegis of the National Mission on Clean Coal Technology, BHEL in association with IGCAR, NTPC

and other organizations is developing Advanced Ultra Supercritical Technology. In conformity with green energy initiative, an energy efficient largest single cylinder non-reheat steam turbine for 100-140 MW application has already been developed to harness waste heat.

There is no show cause or undesirable observation/report from CPCB/SPCB during the entire year 2012-13.

Principle 7: Policy advocacy

BHEL is a member of trade and chamber / associations. Some of them are CII, SCOPE, FICCI, IEEMA, WEC and ASSOCHAM.

BHEL participates in policy advocacy through these bodies for promoting company's interests through knowledge sharing. Some of the recent examples of its public advocacy activities are focused towards development of Indian Power Sector and Indian Manufacturing Industry, strengthening of technology base in country and growth of Public Sector Enterprises through better governance.

Principle 8: Inclusive growth

BHEL has well structured CSR programme towards inclusive growth and equitable development. The company supports numerous social initiatives across the country by undertaking projects through specialized agency like NGO, Govt. agency etc.

Towards various CSR initiatives, total amount of ₹ 63 Crore has been spent in 2012-13. Refer to Corporate Social Responsibility & Sustainability Development under Management Discussion & Analysis, Annual Report 2012-13 for details of various initiatives undertaken during the year. Impact assessment of these initiatives will be taken up subsequently.

Principle 9: Customer value

Customer values are enshrined in our corporate culture. Customer focus is part of our Vision, Mission and Values statements. The focus towards customers and end users of the products is evident from the fact that with 57% share in India's installed electricity generation capacity, BHEL equipped power plants generate nearly 66% of the electricity testifying higher customer value proposition of its products and services.

Giving diversified and large scale operations of BHEL, customer complaints are handled by respective business units / project divisions. The feedback of customer is taken regularly through customer satisfaction surveys, customers' meets and face-to-face interactions.

There is no case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

Bharat Heavy Electricals Limited

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

Notice

Notice is hereby given that the 49th Annual General Meeting of the Members of BHARAT HEAVY ELECTRICALS LIMITED will be held on Friday, the 20th September, 2013 at 10 A.M. at FICCI Auditorium, Barakhamba Road (Tansen Marg), 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, 2013 and the Statement of Profit & Loss for the financial year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend for the year 2012-13.
3. To appoint a Director in place of Shri P.K. Bajpai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Atul Saraya, who retires by rotation and being eligible, offers himself for re-appointment.
5. To authorize the board to fix the remuneration of the Auditors for the year 2013-14.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Ms. Kusumjit Sidhu, 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. 10.05.2013 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."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri W.V.K. Krishna Shankar, 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. 01.08.2013 to hold Office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors



(I.P. Singh)

Company Secretary

Place : New Delhi

Dated : August 14, 2013

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-II to the Directors' Report.
4. S/Shri P.K. Bajpai 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 S/Shri P.K. Bajpai and Atul Saraya as Directors of the company will expire on 31st May, 2015 and 30th November, 2013 respectively.
5. The Register of Members and Share Transfer books of the Company shall remain closed from 11th September, 2013 to 20th September, 2013 (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 164.5 % on the Paid-up Equity Share Capital (₹ 3.29 per share) of the Company besides an interim dividend of 106% (₹ 2.12 per Share) already paid during the year 2012-13.
8. The final dividend on the Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2013, 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, 2013, to those shareholders whose name appear: -
 - i. As Beneficial Owners of shares as at the closure of business hours on 10th September, 2013 as per the list to be furnished by NSDL/CDSL in respect of the shares held in the Electronic mode; and
 - ii. 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 10th September, 2013.
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 2005-06 and interim dividend for Financial Year 2006-07, which remains unclaimed, are proposed to be transferred to the said account on 21st October, 2013 and 1st March, 2014 respectively.

Members who have not claimed / encashed their Dividend so far for the financial year ended 31st March, 2006 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 2013-14 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 to:-
 - i. bring their Attendance Slip duly completed and signed at the venue of the meeting.
 - ii. quote their Folio/DP & Client ID Nos. in all correspondence.
 - iii. note that no briefcase or bag will be allowed to be taken inside the auditorium for security reasons.
 - iv. note that no gifts will be distributed at the AGM.

By Order of the Board of Directors



Place : New Delhi
Dated : August 14, 2013

(I.P. Singh)
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 No. 6 and 7 of the accompanying Notice dated 14.08.2013.

ITEM NO. 6

Ms. Kusumjit Sidhu, aged 57 years is Additional Secretary & Financial Adviser (AS & FA) Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry. As per the direction of the Govt. of India, Ms. Kusumjit Sidhu was appointed as an Additional Director of the Company w.e.f. 10.05.2013. Having been so appointed, Ms. Kusumjit Sidhu 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 Ms. Kusumjit Sidhu for the Office of Director of the Company.

None of the Directors of the Company except Ms. Kusumjit Sidhu is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

ITEM NO. 7

Shri W.V.K. Krishna Shankar, aged 58 years is a Mechanical Engineer from University Visveswarayya College of Engineering, Bangalore University and has a Diploma in Management. As per the direction of the Govt. of India, Shri W.V.K. Krishna Shankar was appointed as an Additional Director of the Company w.e.f. 01.08.2013. Having been so appointed, Shri W.V.K. Krishna Shankar 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 W.V.K. Krishna Shankar for the Office of Director of the Company.

None of the Directors of the Company except Shri W.V.K. Krishna Shankar is, in any way, concerned or interested in the resolution.

The Board of Directors commends the resolution for approval of the Shareholders.

By Order of the Board of Directors



Place : New Delhi

Dated : August 14, 2013

(I.P. Singh)

Company Secretary



Bharat Heavy Electricals Limited

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

FORM OF PROXY

FOLIO NO./ DP ID/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 of
..as my/our proxy to vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company to be held on
20th September, 2013 and at any adjournment thereof.

Signed this day of2013.

Please
affix
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.

TEAR HERE



Bharat Heavy Electricals Limited

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

ATTENDANCE SLIP

49th ANNUAL GENERAL MEETING

to be held on Friday, the 20th day of September, 2013 at 10.00 AM
at FICCI Auditorium, Barakhamba Road (Tansen Marg), New Delhi-110 001.

NAME OF THE ATTENDING MEMBER
(IN BLOCK LETTERS)

Folio. / DP ID- CLIENT 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 49th Annual General Meeting on 20th September, 2013.

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)

Pursuant to Circular No. CIR/MRD/DP/10/2013 dated 21.03.2013, SEBI has mandated that companies whose securities are listed on the stock exchanges shall use, either directly or through their RTA, any RBI approved electronic mode of payment such as ECS/NECS etc.

In case you have not already sent the NECS/ECS/Bank Account particulars to our Registrar, 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 49th Annual General Meeting of the company to be held on 20th September, 2013.

Please ensure that the details submitted by you to the Registrar / DP 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 advice 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:

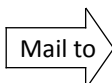
- ☐ Print the following details on my / our dividend warrant
- ☐ Credit my dividend amount to my Bank account by NECS/ECS
(Strike out whichever is not applicable)

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-500081

.....
Signature of the Shareholder

Please attach (i) photocopy of a cheque or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the 9 digit code number AND (ii) a copy of your **PAN card** with this form.

TEAR HERE



Bharat Heavy Electricals Limited

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

Form 2B

[See rules 4CCC and 5D of Companies (Central Govt.'s) General Rules & Forms, 1956]

NOMINATION FORM

(To be filled 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 Ltd.** 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: Address:

Name: Date:

Signature: Address:

Name: Date:

Signature: Address:

Name: Date:

Address, Name and Signature of two witnesses:

Name and Address

Signature with date

1.

2.

Instructions :

1. The Nomination can be made by individuals only applying/holding shares on their own behalf singly or jointly, Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form. Space is provided as a specimen, if there are more joint holders, more sheets can be added for signatures of holders of shares and witness.
2. A minor can be nominated by a holder of shares and in that event the name and address of the Guardian shall be given by the holder.
3. The nominee shall not be a Trust, Society, Body corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of share.
5. Transfer of share in favour of a nominee shall be valid discharge by a Company against the legal heir.
6. The intimation regarding Nomination/Nomination Form shall be filed in duplicate with Company/Registrar and Share Transfer Agent of the Company who will return one copy thereof to the shareholder.
7. In case you are holding shares in demat form, kindly advise your Depository Participant to take note of nomination details.

TEAR HERE

Corporate Social Responsibility



Hot & hygienic mid-day meals provided to school children through Akshay Patra Foundation at Kamrup district of Assam



Village women in Munger district (Bihar) being taught sanitary napkin making for better health and hygiene



Promoting quality education through establishment of 10 integrated learning centres for 300 deprived children



Environment & species protection through afforestation of barren land at Ramdurga, Koppal district, Karnataka



Support to patients afflicted with haemophilia under CSR project "Heal a Soul"



CMD flags off Mobile Medical Unit from Power Sector Eastern Region, Kolkata for operation in Durgapur region of West Bengal

Corporate Social Responsibility



Project "Katha Reading League" in 10 MCD schools of Delhi to prevent slum children from dropping out of schools



Refurbishment works carried out at Tadong Senior Secondary School, Sikkim damaged by earthquake



Van provided for easy transport of blood to blood bank and day care centre established at Thane (Mumbai) for patients and children affected with Thalassemia



Support to Govt. Of India's initiative to provide skill training to 50 youth from the state of Jammu & Kashmir to enhance their employability



BHEL vehicles carrying relief materials for the victims of natural calamity in Uttarakhand



Undertaking a unique campaign- "Vision to all, BHEL's call" to garner eye-pledges from BHEL employees. CMD handing over the pledges to Director, LV Prasad Eye Institute, Hyderabad

Bankers

- Allahabad bank
- Andhra bank
- Bank of Baroda
- Canara Bank
- Corporation bank
- Central bank
- Indian Bank
- Indian Overseas Bank
- Oriental bank of Commerce
- Punjab National Bank
- Punjab & Sindh Bank
- State Bank of India
- State Bank of Hyderabad
- Syndicate Bank
- State Bank of Travancore
- UCO Bank
- Union Bank of India
- United Bank of India
- Vijaya Bank
- IDBI
- CITI Bank N.A
- Deutsche Bank AG
- The Hongkong and Shanghai Banking Corporation Limited
- Standard Chartered Bank
- The Royal Bank of Scotland N.V.
- J P Morgan
- Axis Bank
- The Federal Bank Limited
- HDFC
- Kotak Mahindra Bank
- ICICI
- Indusind Bank
- Yes Bank

Auditors

- S.N.Dhawan & Co., New Delhi
- Gandhi Minocha & Co., New Delhi
- Vinay Kumar & Co., Allahabad
- Jawahar & Associates, Hyderabad
- V. Narayanan & Co., Trichy
- Patel Mohan Ramesh & Co., Bangalore
- S. L. Chhajed & Co., Bhopal
- J. V. Ramanujam, Chennai

Cost Auditors

Jugal K. Puri & Associates, New Delhi

K. L. Jaisingh and Co., Noida

DZR & Co., Hyderabad

RKMS & Associates, Chennai

Vishwanath Bhat & Co., Bangalore

Sunil Singh & Co., Lucknow

Financial Year	Due date of filling Cost Audit Report	Actual date of filling Cost Audit Report
2011-12	28.02.2013	07.01.2013
2012-13	27.09.2013	Will be filed before the due date

Share Transfer Agent

M/s. Karvy Computershare Private Ltd.

UNIT : BHEL

Delhi : 105-108, Arunachal Building,
19, Barakhamba Road,
New Delhi-110001
Tel. : 011-23324401, 43681700/01/02/21
Fax : 011-23730743
E-mail : ksbl Delhi@karvy.com

Hyderabad : 17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad-500 081
Tel. : 040-44655000
Fax : 040-44655024
E-mail : madhusudhan.ms@karvy.com
einward.ris@karvy.com
Website : www.karvycomputershare.com

Registered Office

BHEL House, Siri Fort,
New Delhi-110049 (India)
Phone : 011-66337000 (15 Lines)
Fax : 011-66337533
Website : <http://www.bhel.com>



A Maharatna Company

Bharat Heavy Electricals Limited

Registered Office : BHEL House, Siri Fort, New Delhi - 110049, India.

Website: www.bhel.com



Power



Transmission



Industry



Transportation



NCES



Oil & Gas

*Powering Progress... Brightening Lives
Touching Every Indian Home*

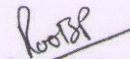
FORM A

Covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Bharat Heavy Electricals Limited
2.	Annual financial statements for the year ended	31 st March, 2013.
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

For Bharat Heavy Electricals Limited

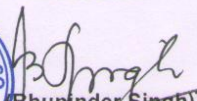

(P.K. Bajpai)
Director (Finance)


(B. Prasada Rao)
Chairman & Managing Director


(S. Ravi)
Chairman Audit Committee

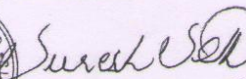
For Gandhi Minocha & Co.
Chartered Accountants
FRN 000458N




(Bhupinder Singh)
Partner
M. No. 092867

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




(Suresh Sethi)
Partner
M. No. 10577