

ANNUAL REPORT 1999 - 2000



Bharat Heavy Electricals Limited

BOARD OF DIRECTORS

K.G. Ramachandran

Chairman and Managing Director

A.V. Singh

(Upto 29.10.1999)

Director

K.K. Jaswal

(From 21.12.1999)

Director

Pradeep Kumar

Director

J.Jayaraman

Director

Dr. J.J. Irani

Director

Shekhar Datta

Director

Ms. Tarjani Vakil

Director

K.C. Lahiry

Director (Power)

K.S. Rao

Director (IS&P)

Ishan Shankar

Director (Personnel)

M.K. Mittal

Director (ER&D)

R.N. Agarwal

Director (Finance)

(From 03.03.2000)

A.K. Chakraborty

Company Secretary

MANAGEMENT COMMITTEE*

K.G. Ramachandran - Chairman & Managing Director

K.C. Lahiry - Power Business
Power Sector Regions - North, East, South & West

K.S. Rao - Industrial Systems & Products Business
Electronics Division & Industrial Systems Group
Electroporcelain Division
Insulator plant

Ishan Shankar - Personnel
Human Resource Development Institute
Health, Safety, Environment & Productivity Group
International Operations Business
Corporate Communication

M.K. Mittal - Engg. Research & Development
Corporate Research & Development
Component Fabrication Plant

R.N. Agarwal - Finance
Internal Audit & Taxation
Financial Services
Project Finance

R.C. Jain - Corporate Personnel & Administration
Information Technology
Productivity Group

R.C. Aggarwal - Heavy Electrical Plant
Transformer Plant
Electrical Machines Repair Plant

Krishan Kumar - Power Sector - Commercial Management

V.P. Singh - Corporate Planning & Development

Virendra Kumar - Heavy Power Equipment Plant

H.W. Bhatnagar - Heavy Electrical Equipment Plant
Central Foundry Forge Plant
Pollution Control Research Institute
Heavy Equipment Repair Plant

S.S. Rao - Power Sector - Personnel & Administration
Power Sector - Management Services

Dr. Y.P. Abbi - Project Engineering Management

S.K. Khazanchi - Monitoring & CMTD

B. Bhambhani - Regional Operations Division
Project Finance Group

V.K. Gopinath - High Pressure Boiler Plant
Seamless Steel Tube Plant
Boiler Auxiliaries Plant
Industrial Valves Plant
Piping Centre
Welding Research Institute

Dr. T. Adhikari - Industry Sector Business
Transmission Business

S.N. Roy - Power Sector - Eastern Region

A.K. Puri - International Operations Business

A.N. Jagadeeswaran - Power Sector - Southern Region

Baboo Ram - Power Sector - Technical Services

Dr. Y.V. Bhalla - Power Sector - Western Region

Dr. K.S. Srinivas - Electronics Division
Industrial Systems Group

A.Bhattacharya - Secretary, Management Committee

*As on 10/07/2000



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Bharat Heavy Electricals Limited

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

FORM OF PROXY

FOLIO/ID NO.
NO. OF SHARES

I/We
 of
 in the district of
 being a member/members of the above named Company, hereby appoint
 of in the District of or failing
 him
 of in the District
 of as my/our
 proxy to vote for me/us on my/our behalf at the 36th Annual General Meeting of the Company to be held on 29.09.2000
 and at any adjournment thereof.

Signed this day of 2000.

Affix One
 Rupee
 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
 for holding the Meeting.

Bharat Heavy Electricals Limited

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

ATTENDANCE SLIP

36th ANNUAL GENERAL MEETING
 to be held on Friday, the 29th day of September 2000
 at 10.00 AM at FICCI Auditorium, Barakhamba Road, New Delhi-110 001.

NAME OF THE ATTENDING MEMBER
 (IN BLOCK LETTERS)

Folio / ID No.

NO. OF SHARES HELD

NAME OF PROXY
 (in BLOCK LETTERS, TO BE FILLED
 IN IF THE PROXY ATTENDS INSTEAD OF THE MEMBER)

I hereby record my presence at the 36th Annual General Meeting on 29th September 2000.

Signature of Member/Proxy

THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

TEAR HERE



Bharat Heavy Electricals Limited

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

NOTICE

Notice is hereby given that the 36th Annual General Meeting of the Members of BHARAT HEAVY ELECTRICALS LIMITED will be held on 'Friday' the 29th September, 2000 at 10.00 A.M. at FICCI Auditorium, Barakhamba Road (Tansen Marg), New Delhi-110001, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. J.J. Irani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Shekhar Datta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Ms. Tarjani Vakil, who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri K.K. Jaswal, who was appointed as a Director of the Company pursuant to Article 67 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, and who holds Office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, from the Department of Heavy Industry, Govt. of India on behalf of the President of India as a shareholder, proposing his candidature for the office of a Director, under the provisions of Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- and who is eligible for

appointment to the Office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri R.N. Agarwal, who was appointed as a Director of the Company pursuant to Article 67 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, and who holds Office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, from the Director himself proposing his candidature for the office of a Director, under the provisions of Section 257 of the Companies Act, 1956, alongwith a deposit of Rs.500/- and who is eligible for appointment to the Office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board of Directors

Sd/-
(A. K. Chakraborty)
Company Secretary

New Delhi
Dated: 1st September, 2000

Registered Office:
"BHEL House", Siri Fort, New Delhi-110 049.

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 HRS) 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. The Register of Members and Share Transfer Books of the Company shall remain closed from 9th September, 2000 to 29th September, 2000 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
4. The dividend on the Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2000 when sanctioned at the Annual General Meeting of the Company will be payable within forty two days from the date of declaration of dividend by the members i.e. on or before 10th November, 2000, to those shareholders whose name appears on the Company's Register of Members or as the beneficial owner of shares in the records of the Depository as on Saturday, the 9th September, 2000.
5. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue. However, entry to the Auditorium will be strictly on the basis of the entry slip available at the counters at the venue and to be exchanged with attendance slip.
6. No briefcase or bag will be allowed to be taken inside the auditorium for security reasons.
7. Members are requested to notify immediately change in their address, if any, with Pincode to the Registered Office of the Company, quoting their Folio Number, Banker's Name and Account Number to ensure prompt and safe receipt of dividend warrants.
8. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at an early date so that the information required can be made readily available at the meeting.
9. Members are requested:-
 - a) to bring their copies of Annual Report, Notice

and Attendance Slip at the time of the meeting.

- b) to quote their Folio/ID No. in all correspondence.
- c) to note that no gifts will be distributed in the AGM.

By Order of the Board of Directors

Sd/-
(A. K. Chakraborty)
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 items No. 6 and 7 of the accompanying Notice dated 1st September 2000.

ITEM NO. 6

Shri K.K. Jaswal, IAS, aged about 56 years is the Additional Secretary & Financial Adviser to the Government of India, Ministry of Industry & Commerce. As per the direction of the Government of India, Shri Jaswal was appointed as a Director of the Company with effect from 21.12.1999 vice Shri A.V. Singh. Having been appointed as Additional Director by virtue of Section 260 of the Companies Act, 1956 read with Article 67(iv) of the Articles of Association of the Company, Shri Jaswal holds office till the ensuing Annual General Meeting and is eligible for re-appointment.

Shri Jaswal is M.Sc. (Geol.) and also a Law Graduate. He has done M.Phil in Economics & Management of Public Enterprises from Paris University and obtained diploma in Public Enterprises from International Institute of Public Administration, Paris. He is also holding two years certificate in French.

Shri Jaswal joined the Indian Administrative Service in the year 1968 and was allocated U.P. Cadre. He is having 32 years of rich and varied experience of Public Administration and has served in various important



positions in the Government of Uttar Pradesh, Govt. of India and on the Board of a Number of Companies. He has the privilege of formulating a five year plan for Industrial development of the Republic of Mali as Head of a Large UNIDO Project during 1983-86. Since the date of his joining the Board of BHEL as a Director, he has contributed significantly for the benefit of the Company.

In terms of Section 257 of the Companies Act 1956, the Company has received a Notice in writing along with a deposit of Rs.500/- from the Department of Heavy Industry, Govt. of India on behalf of the President of India as a shareholder, proposing his candidature for the Office of Director of the Company.

None of the Directors of the Company except Shri Jaswal, 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 R.N. Agarwal aged about 60 years is a Chartered Accountant with 1st Class degree in Law and having 32 years of rich experience of working in various capacities in different organisations including BHEL. As per the direction of the Govt. of India, Shri Agarwal was appointed as Director (Finance) of the Company with effect from 03.03.2000 for a period of five years or till the date of his superannuation whichever event occurs earlier. Having been appointed as Additional Director by virtue of Section 260 of the Companies Act 1956 read with Article 67(iv) of the Articles of Association of the Company, Shri Agarwal holds office till the ensuing Annual General Meeting and is eligible for re-appointment.

Shri Agarwal has wide and rich experience in the fields of Finance, Accounts, Cost and Budgetary Control,

Taxation, Audit, Cash Management, Working Capital Management and is represented on various Committees. He has worked as Director (Finance) in U.P. State Cement Corporation Limited for a period of about 10 years. He joined BHEL in the year 1991 as General Manager (Finance) of its Hardwar Unit and was promoted as Executive Director (Finance) in August, 1997. He has made significant contribution in the field of reduction in interest cost by strict control in cash management, reduction in Company's outstanding dues, strict budgetary and cost control resulting in reduction in cost to improve profitability. He has joined the Board of BHEL with effect from 3rd March, 2000 as Director (Finance).

In terms of Section 257 of the Companies Act 1956, the Company has received a Notice in writing along with a deposit of Rs.500/- from the Director himself proposing his candidature for the Office of Director of the Company.

None of the Directors of the Company except Shri Agarwal, 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

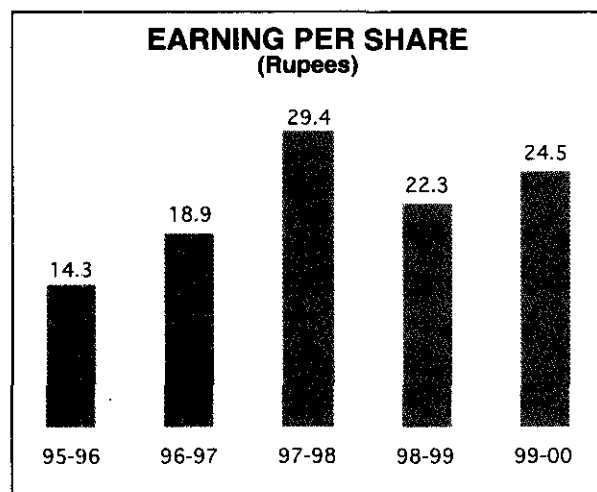
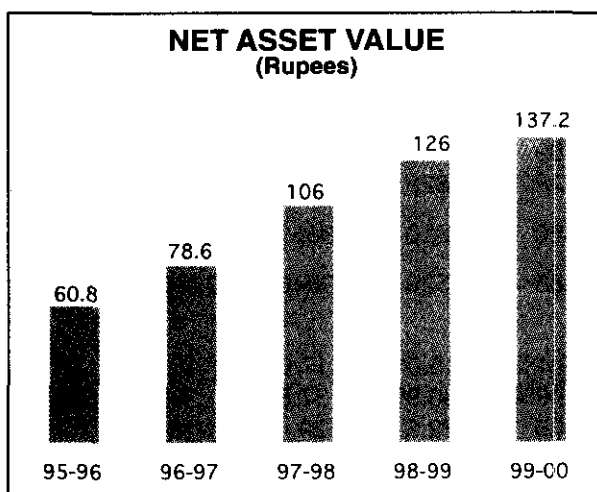
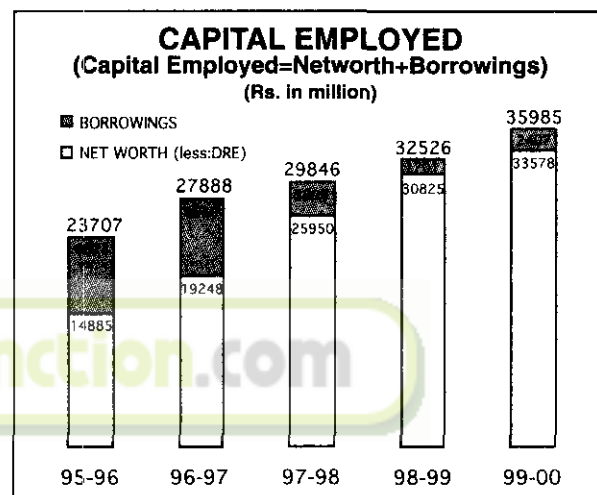
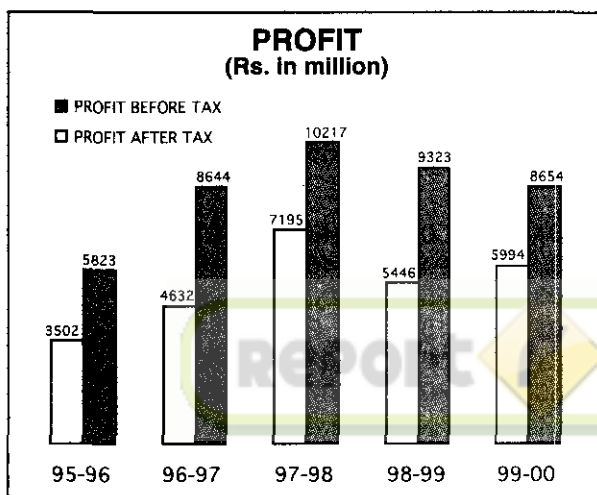
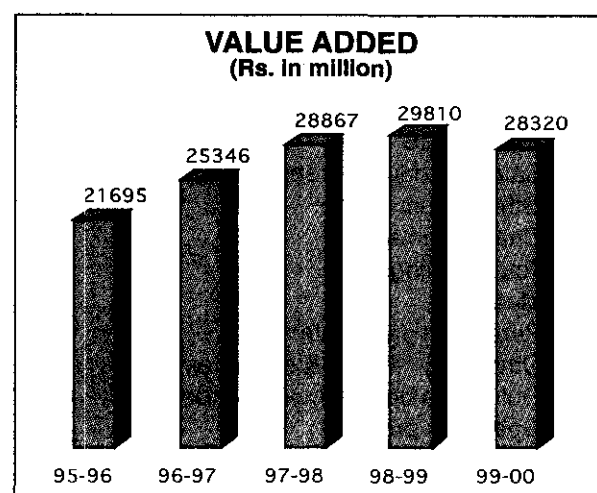
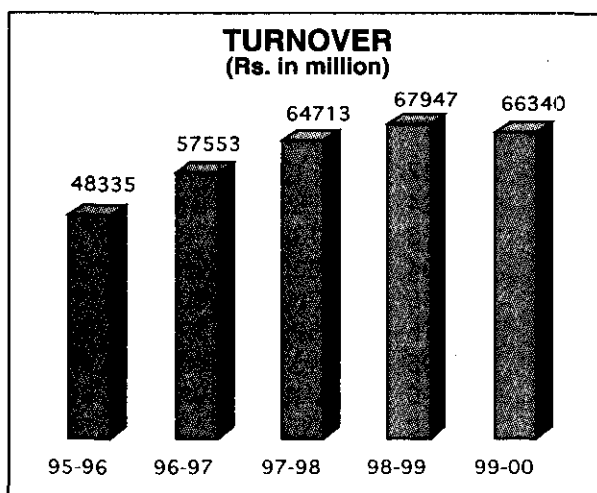
Sd/-
(A. K. Chakraborty)
Company Secretary

New Delhi
Dated: 1st September, 2000

Registered Office:
"BHEL House", Siri Fort, New Delhi-110 049.

BHEL AT A GLANCE

			(Rs. in million)
	1998-99	1999-2000	CHANGE (%)
Turnover	67947	66340	-2.37
Value added	29810	28320	-5.00
Employees (Nos.)	62212	53726	-13.64
Profit Before Tax	9323	8654	-7.18
Profit After Tax	5446	5994	10.06
Dividend	612	734	20.00
Dividend tax	67	121	80.00
Retained Earnings	4767	5139	7.80
Net Assets	76894	81730	6.29
Net Worth (Less : DRE)	30825	33578	8.93
Borrowings	1701	2407	41.50
Debt : Equity	0.05	0.07	40.00
Per share (in Rupees) :			
- Net worth	126.0	137.2	8.93
- Earnings	22.3	24.5	9.86
- Dividend	2.5	3.0	20.00



FIVE YEAR SUMMARY

(Rs. in million)

	1999-2000	1998-99	1997-98	1996-97	1995-96
I. EARNINGS					
Sale of products & services to customers	66340	67947	64713	57553	48335
Other income	4959	5824	3785	3187	3093
Changes in stock	-237	823	-133	-201	2259
Total earnings	71062	74594	68365	60539	53687
Materials	28120	30495	28382	26091	23879
Personnel payments	11330	12416	9525	8739	10366
Other mfg., admn. & selling expenses	21206	20595	18403	14394	11522
Outgoings before interest & depr.	60656	63506	56310	49224	45767
Operating profit	10406	11088	12055	11315	7920
Depreciation	1535	1432	1242	1080	968
Gross profit	8871	9656	10813	10235	6952
Interest	217	333	596	1591	1129
Profit before Tax	8654	9323	10217	8644	5823
Provision for Tax	2660	3877	3022	4012	2321
Profit after Tax	5994	5446	7195	4632	3502
Dividend (incl. dividend tax)	855	679	673	539	490
Retained profit	5139	4767	6522	4093	3012
II. WHAT THE COMPANY OWNED					
Gross block incl. capital WIP	28833	27306	24871	21715	19310
Less accumulated depreciation & lease adj.	17230	15948	14651	13515	12456
Net block (incl. capital WIP)	11603	11358	10220	8200	6854
Investments	103	151	241	1351	3370
Current assets & loans and advances	70024	65385	60282	60880	55608
Total net assets	81730	76894	70743	70431	65832
III. WHAT THE COMPANY OWED					
Borrowings	2407	1701	3896	8640	8822
Current liabilities and provisions	45745	44368	40897	42543	42125
Total liabilities	48152	46069	44793	51183	50947
IV. NET WORTH OF THE COMPANY					
Share capital	2448	2448	2448	2448	2448
Reserves & surplus	33539	28400	23633	17110	13017
Deferred revenue expenditure	-2409	-23	-131	-310	-580
Net worth (Less : DRE)	33578	30825	25950	19248	14885
V. VALUE ADDED	28320	29810	28867	25346	21695
VI. CAPITAL EMPLOYED	35985	32526	29846	27888	23707
VII. RATIOS					
Operating profit to net assets (%)*	13.1%	15.0%	17.0%	16.6%	12.5%
Gross profit to capital employed (%)*	25.9%	30.9%	37.5%	39.7%	30.2%
Earnings per share	24.5	22.3	29.4	18.9	14.3
Net worth per share	137.2	126.0	106.0	78.6	60.8
Current ratio	1.53	1.47	1.47	1.43	1.32
Debt/equity ratio	0.07	0.05	0.15	0.45	0.59

*On the basis of average net assets and capital employed.