



Chairman's Address 47th Annual General Meeting of BHEL 20th September, 2011

Ladies and Gentlemen,

On behalf of the Board of Directors & employees of BHEL, I have great pleasure in welcoming you to the 47th Annual General Meeting of your company. I would like to sincerely thank you all for being with us on this important occasion. The report of the Directors and Audited Accounts for the year ending 31st March 2011, with the reports of Auditors and comments of Comptroller and Auditor General have already been circulated to the shareholders, and with your permission, I shall take them as read.

2010-11 was yet another very successful year for your company when we were able to deliver spectacular results in spite of growing concerns on the business confidence against the backdrop of volatile global economic and business environment. We saw private as well as public sector utilities and other customers reposing confidence in the company's capabilities. Your company has managed to sustain its leadership position and is ready to embark on a new phase of dynamic growth. In fact, your company has shown exceptional performance over the last six years.

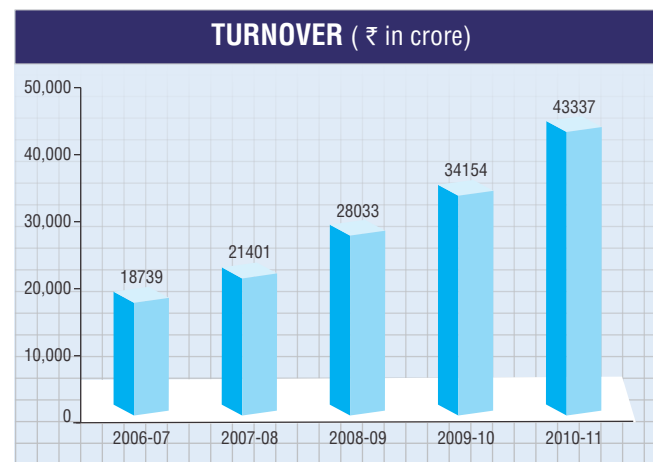
	2005-06	2010-11
Gross Turnover (₹ Crore)	14,525	43,337
Profit After Tax (₹ Crore)	1,679	6,011
Return on Capital Employed	41%	62%
Net Worth (₹ Crore)	7,301	20,154
R&D Expenditure (₹ Crore)	152	982

I would like to first present to you the key highlights of your company's performance during the year gone by:

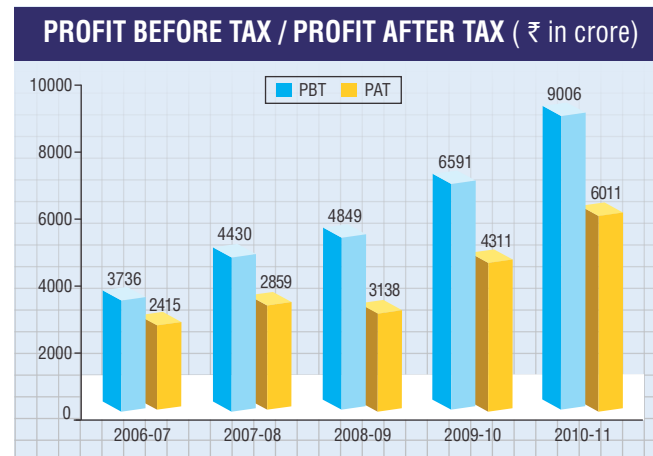
Financial Performance & Business Accomplishments

Your company continues its impressive record of financial performance.

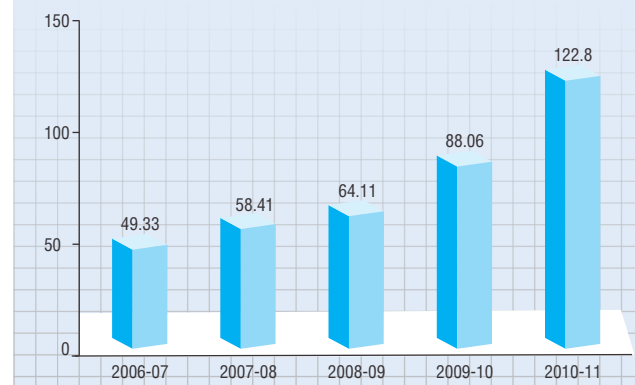
- Gross Turnover for the year grew by 27% to ₹ 43,337 Crore. Pre-tax profits rose by 37% to ₹ 9006 Crore.



- Record orders worth ₹ 60,507 Crore, have been booked, despite various challenges confronting the power sector in recent times. At the end of the year, total orders in hand for execution in 2011-12 and beyond, stand at about ₹ 1,64,145 Crore. Major orders include:
 - 7 nos. Boilers and 9 nos. Turbine-Generators with supercritical parameters from public as well as private sector utilities.
 - First 700 MW Nuclear TG (2 sets) for KAPP 3, 4 from NPCIL in consortium with Alstom



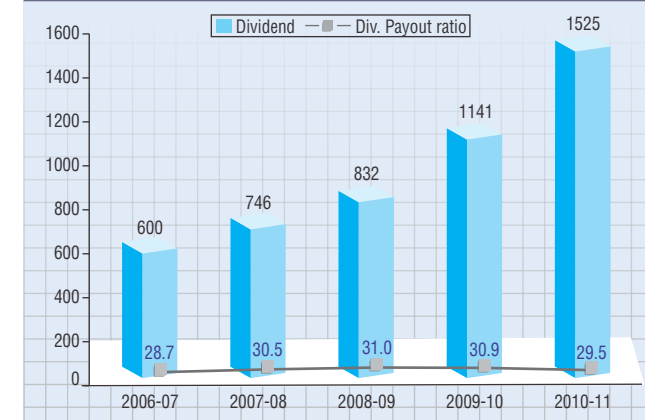
EARNING PER SHARE (₹ in crore)



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

- Repeat order for 10 sets of 270 MW each from the Indiabulls Group indicating confidence of the customer in your company.
- Export orders from 24 countries across five continents.
- The company is continuing to invest heavily in building capacities and capabilities, not only to cope with rising demand, but also in view of our drive to strengthen our engineering character. Therefore, Capital investment of ₹ 1,655 Crore and R&D expenditure of ₹ 982 Crore were incurred during the year.

DIVIDEND RATIO



- Economic Value Addition (EVA) reached ₹ 3,793 Crore, a 42% y-o-y increase.
- EPS on the post-bonus equity capital increased to ₹ 122.80 against previous year's ₹ 88.06.
- A final dividend of 179% has been recommended by the Board, in addition to the interim dividend of 132.5% for the year, making a total of 311.50% for the year - the highest-ever.
- The company has also readied itself to comply with the IFRS.



2x250 MW Korba East TPS with PLF of 96.4%

Equipment Performance

The overall PLF of coal based sets supplied by your company continues to be the highest at 75.7%. Of these, 61 sets registered PLF of over 90% and 73 sets achieved PLF between 80% and 90%. As a testimonial to superior quality of equipments supplied by your company, BHEL supplied coal based sets registered an Operating Availability of 86.1%, 2.3% higher than national average.

Commissioning

Your company synchronized/ commissioned highest ever 9,442 MW of sets during the year. This includes 52 sets totalling 7,667 MW commissioned within the country and



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

abroad. Interestingly, 57% of the total electricity generating capacity added by the country's utilities was with BHEL units.

BHEL responded to customer's call and completed the rehabilitation work of the flood ravaged Koteshwar HEP of THDC in a record time of just five months and the plant capacity addition of 2x100 MW could be achieved.

Performance of subsidiary company

The process of revival of BHPV Visakhapatnam has started showing results. During 2010-11, the company achieved net profit of ₹ 8.78 Crore with a turnover of ₹ 137 Crore,

