Presentation on
Bharat Heavy Electricals Ltd

At
Morgan Stanley's 12th Annual India Summit
1-3 June 2010
Mumbai

Cautionary Statement

Statements in this “presentation” describing the company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company’s operations include global and indian demand supply conditions, finished goods prices, cyclical demand and pricing in the company’s principal markets, changes in government regulations, tax regimes, economic developments within india and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

Credentials

- A US$7.3 billion Engineering & Manufacturing enterprise of its kind in India
- A ‘Navaratna’ company and a Major Integrated Power Plant Equipment Manufacturer in the World
- Making Profits since 1971-72
- Paying Dividends since 1976-77
- References in over 70 countries
- Installed base of more than 1,00,000 MW

BHEL's Portfolio

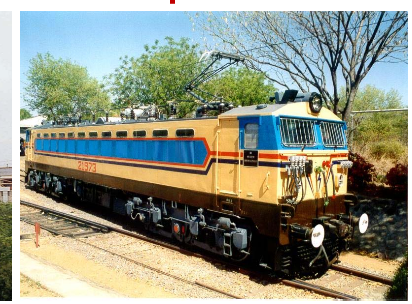
Single Source for Multiple Solutions of Infrastructure & Industrial Sectors of the Economy

Power

Transmission

Industry

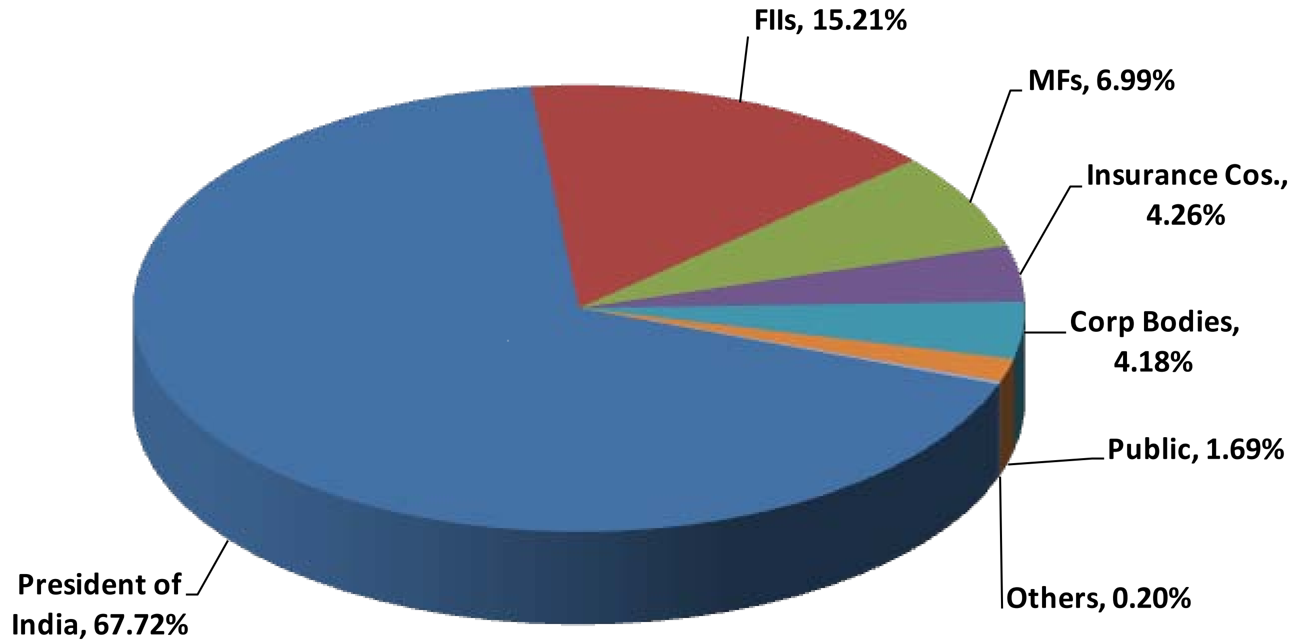
Transportation



Oil & Gas

NCES

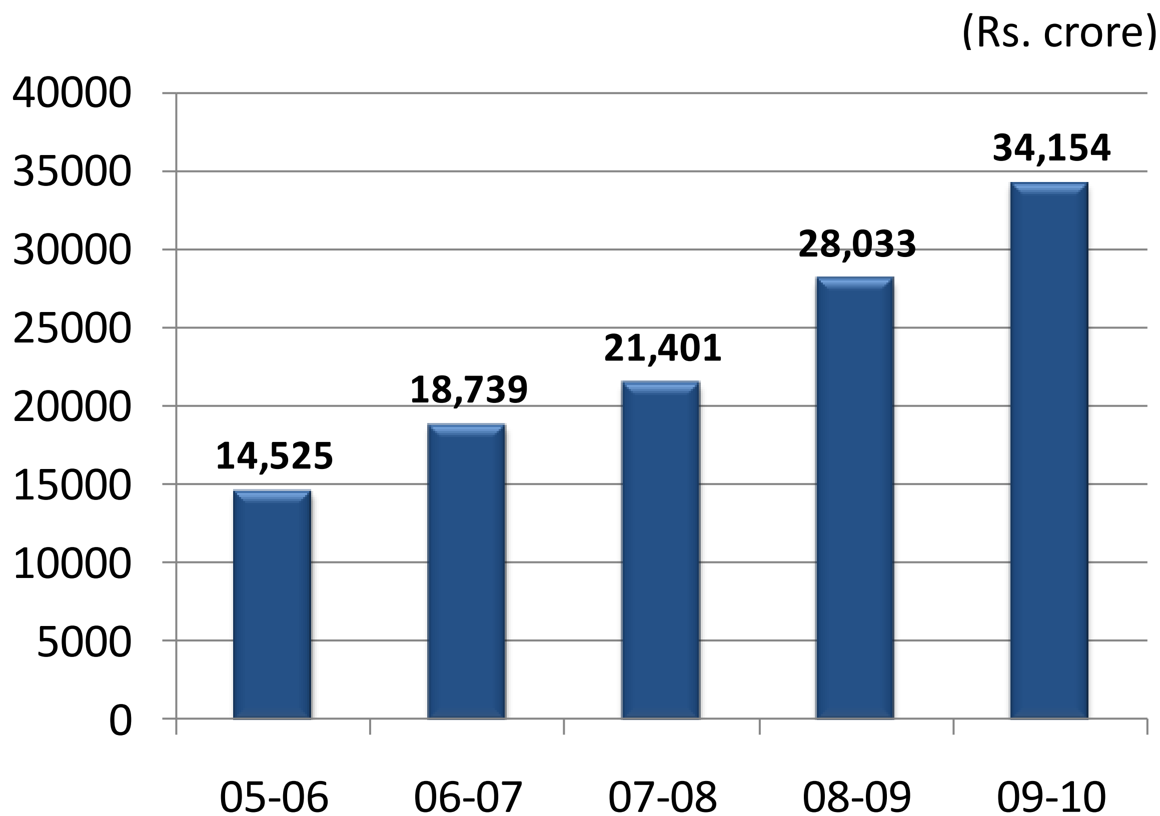
Share Holding Pattern



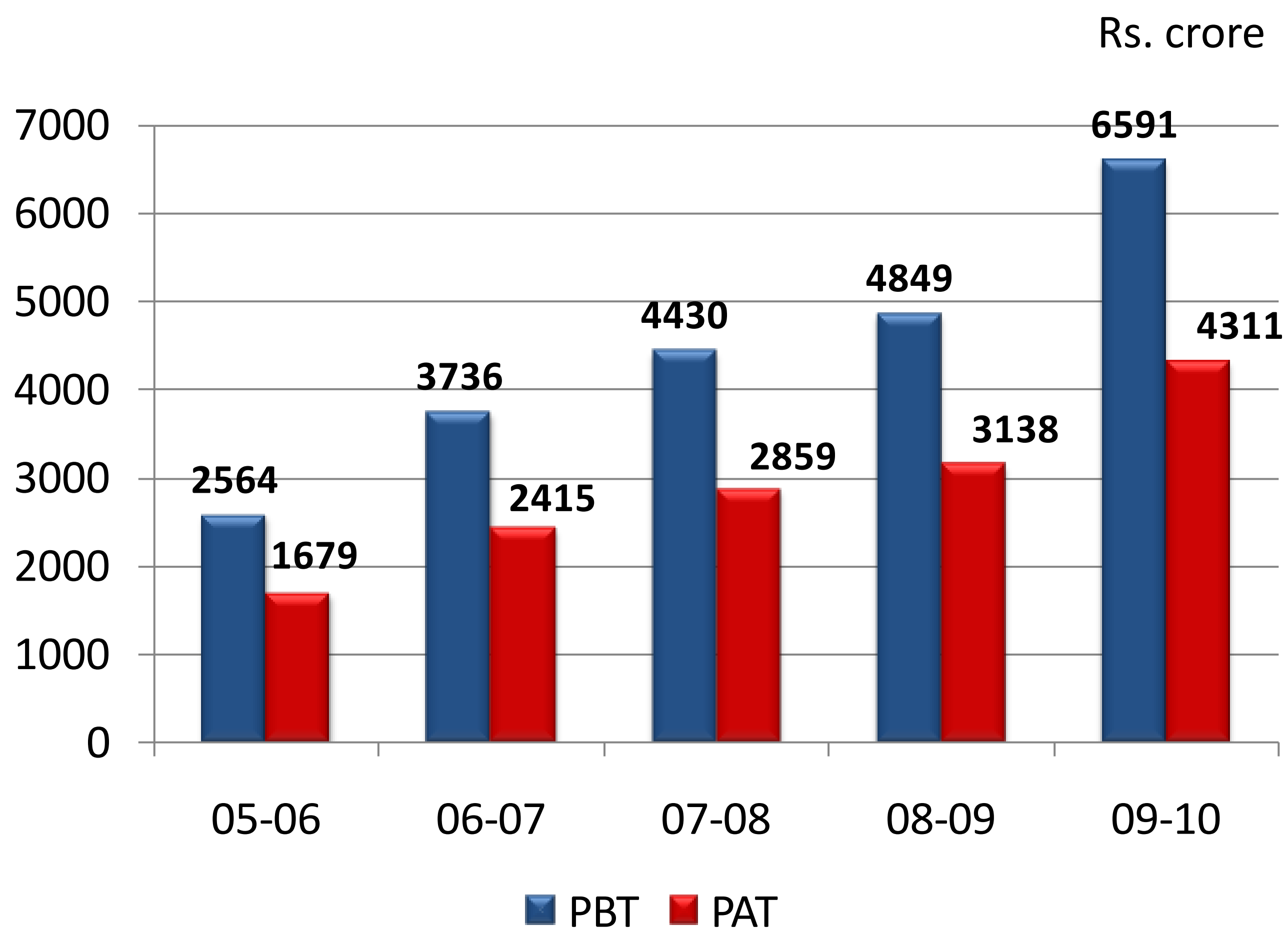
(As on 31st March' 10)

Major Performance Indicators

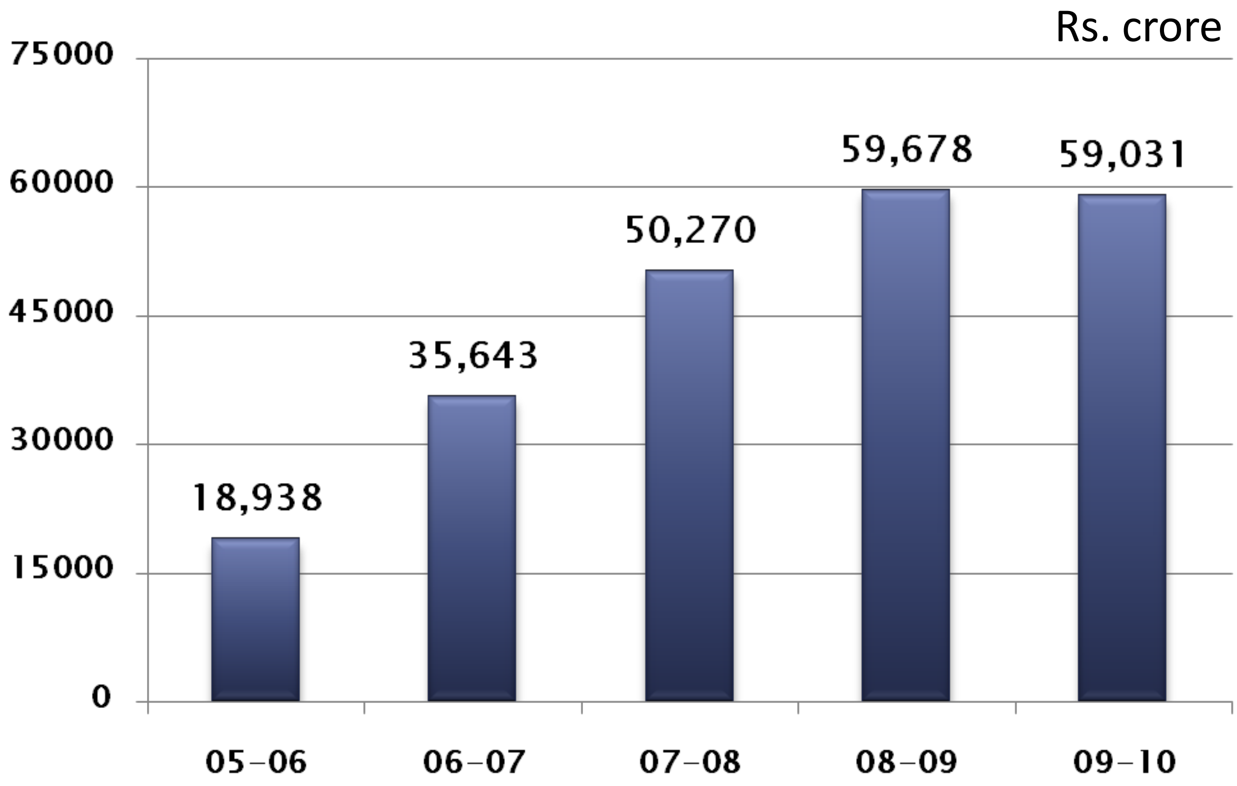
Past Performance Trends: Turnover



Past Performance Trends: Profit



Past Performance Trends:
Order Booking during the year



Total Order Book as on 31.03.2010: Rs. 1,43,800 crore

Performance:Q4 FY0910

(Rs. Crore)

Parameter	Q4 FY0910	Q4 FY0809	YoY %
Turnover	**14071**	11097	+ 27%
EBIDTA	**3308**	2204	+ 50%
EBIDTA Margin	**29%**	20%	+900 bps
Profit Before Tax (PBT)	**2898**	2095	+ 38%
Profit After Tax (PAT)	**1910**	1347	+ 42%
EPS (Rs)	**39.01**	27.53	+ 42%

The Growth Momentum Continues……

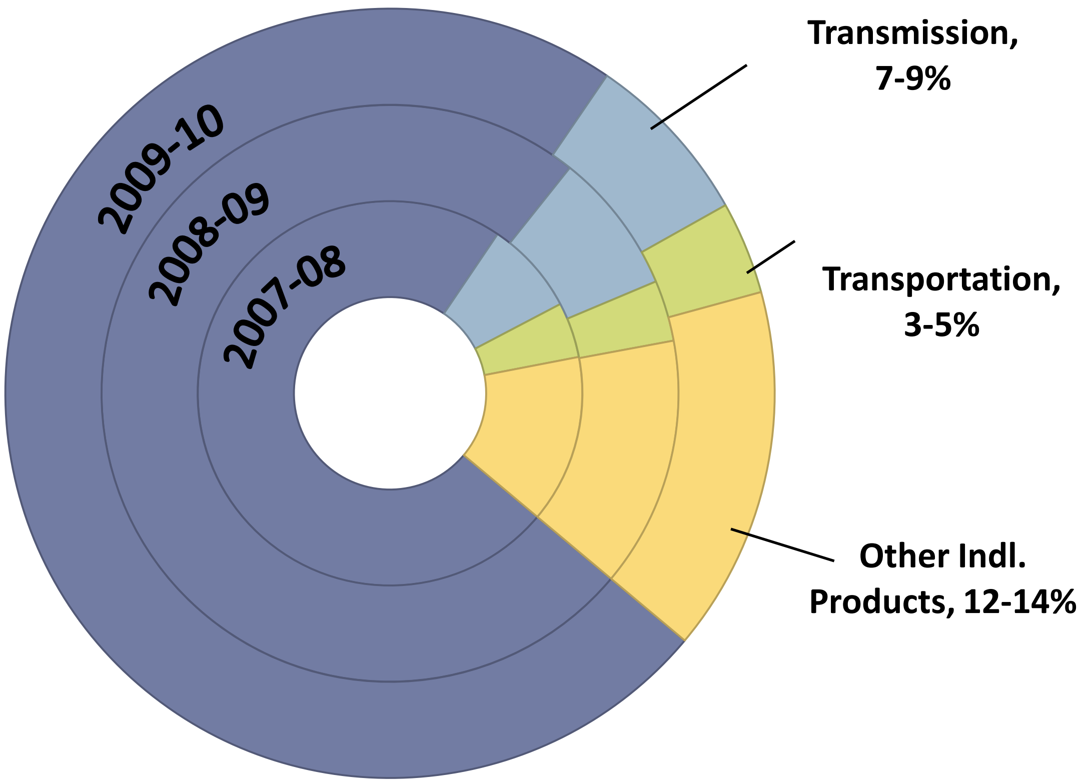
Major Orders Received in Q4FY0910

OB up to Q4FY0910	Power	Industry	Exports
(Rs Cr) 59,031	41,976	14,366	3,571

- 2x250 MW BECL / Bhavnagar CFBC 1865 Cr
- 2x195 MW KBUNL / Muzaffarpur TPP Stg II 1077 Cr
- 1x600 MW Jhabua Power Ltd / Seoni PP # 1 1287 Cr
- 2x210 MW Surana Power Ltd / Raichur TPS 1140 Cr
- 1x250 MW DPL / Durgapur # 8 1243 Cr
- 2x270 MW AINL/Matrishri Usha Jayaswal MPP Ph II 1263 Cr
- 2x520 MW HNPCL / Vizag 4180 Cr

Industry Sector: Segments

Industry Segment contribution to total Turnover: 22-28%



- Transformers
- Switchgear
- Indl. Control Gear / Control Panels
- Capacitors
- Insulators
- HVDC/ Transmission Projects

- Traction machines
- Traction Control gears
- DESL
- AC Locos / DG Sets / Other

- Industrial Machines
- Indl. TG / Boiler Sets
- Compressors
- Oil Field Equipment
- Valves
- Others

BHEL & Power Sector

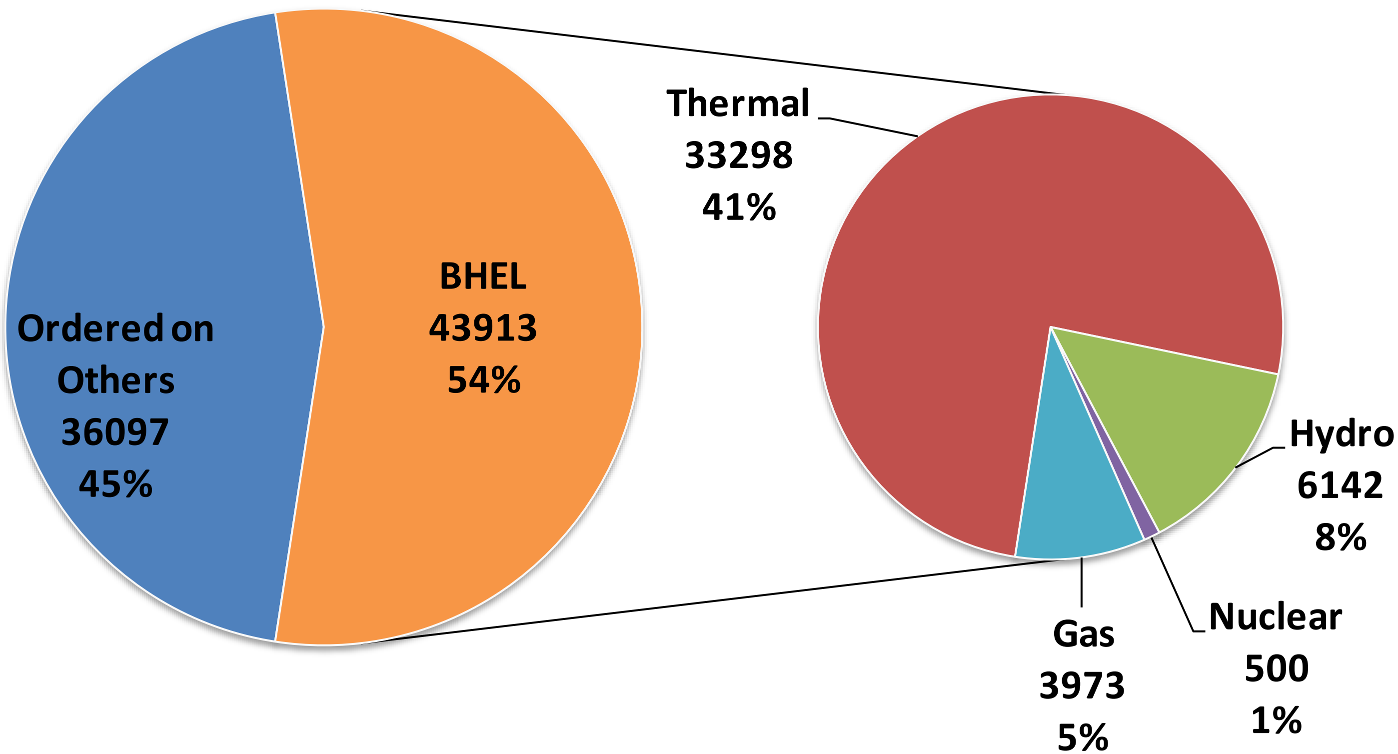
Role of BHEL in Power Sector

- A major manufacturer of power plant equipment for various fuels
- Fully indigenized technology up to 600 MW from world leaders
- Supplies Steam turbines, generators, boilers and matching auxiliaries up to 800 MW ratings including supercritical sets of 660/800 MW
- 315 coal based sets installed, including 37 sets of 500 MW rating
- 365 nos. BHEL make Hydro Utility sets installed in the country

BHEL is fully geared up to meet demand for Power Plant Equipments in the Country.

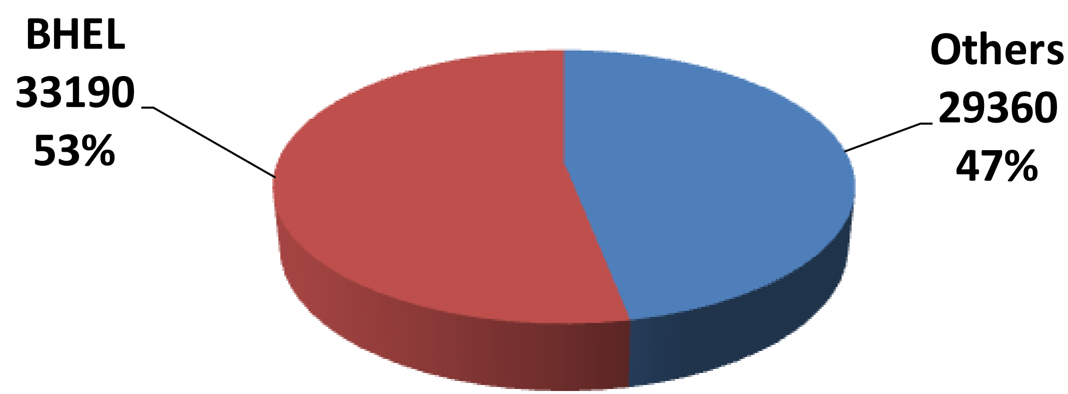
XI PLAN CAPACITY ADDITION PROGRAMME (UTILITY SETS)

STATUS OF ORDERING (MW) ~ 80,000 MW



XII PLAN CAPACITY ADDITION PROGRAMME (UTILITY SETS)

Indicative Size ~ 100,000 MW
Status of Ordering ~ 62,550 MW



**Out of 29,360 MW ordered on others,
15,430 MW is on Chinese manufacturers**

Drivers for Sustainable Growth

Symphony of Drivers

1. Building Capacities & Capabilities
2. Technology Competencies
3. Marketing Innovations
4. Supply Chain Agility
5. Emerging Opportunities
6. Global Forays
7. Allied Enablers

Drivers

Manufacturing Capacity Enhancement
- 15 GW achieved in Mar 2010
- 20 GW by Mar 2012

Bridging Skill Deficit
- Leveraging WRI Trichy to train high pressure welders of contractors
- Joint stake in ITI Shantiniketan WB

Building Capacities & Capabilities

Human Resource
- ~12,000 Employees during 2007-10
- Momentum to Continue

Inorganic Growth
- BHPV-100% Subsidiary

Drivers

Supercritical Technology

Orders Received for:

- 2x800 MW Boilers for Krishnapatnam
- 2x660 MW for Barh-II, NTPC
- 3x660 MW Bara, Pryagraj PGCL, JP Group
- 2x800 MW Yermarus, KPCL

Technology Competencies

Technology Edge

- 270/525/600 MW sub-critical sets introduced
- R&D in FY10 Rs. 788 Cr.
- Advance Class Gas Turbines tech in place
- TCA with Sheffield Forgemasters UK for Forgings
- 765 & 1200 KV-development being pursued
- Transportation-IGBT technology being pursued
- Sole supplier in world for 420 kN/320 kN porcelain insulators for ±800 kV HVDC lines

Drivers

Marketing Innovation

- JV for 2x800 MW project each with TNEB and MPPGCL
- JV for 3x800 MW projects with KPCL
- MoU with Mahagenco for 2X660 MW plant at Latur, Maharashtra

Supply Chain Agility

- Partnerships forged with NTPC, KEL & HEC for strengthening the supply chain
- Enhancing Vendor base for Raw Materials & Balance of Plant (BOP)
- Advance Manufacturing Action (AMA)
- IT Application: Reverse Auction, e-Procurement, SAP/ERP

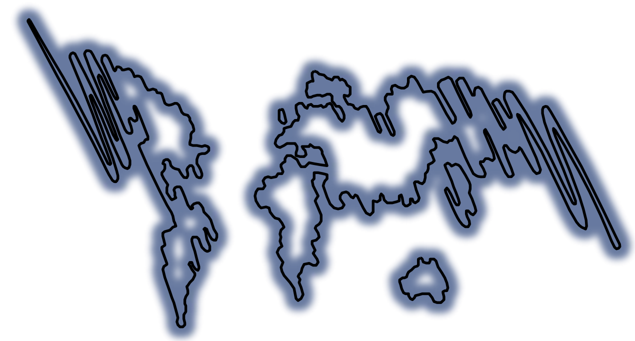
Drivers

Nuclear	Solar	Transportation	Transmission
• Steam generators for new rating 700 MWe Nuclear sets • MoU with NPCIL- formation of JV for conventional island of Nuclear Proj. Technology tie-ups being explored for 700 MWe & above TG sets • MoU with GE-Hitachi for cooperation in Nuclear island equipment for Power plants to be set up by NPCIL	• MoU with BEL for formation of a JV to address Solar Photovoltaic business	• MoU with GE for Diesel Electric Locos & mfg. of propulsion systems	• MoU with Toshiba Japan covering Transformer GIS for EHVAC & UHVAC range etc.

Emerging Opportunities

Drivers

- Physical export orders of Rs.3,571 Crore in 2009-10
- Presently executing 40 contracts in 25 countries
- Received largest ever order for 1200 MW hydroelectric project from Bhutan
- Forays in new markets – Belarus, Senegal, Rwanda & new market segments in Syria, Tajikistan, Japan, Nigeria
- LT business tie-up: 6 year Rate Contract for 126 MW rated Gas Turbine Generating Sets from Oman – one of its kind in world
- MoU signed with TGR, Hungary for exploring opportunities for conventional boilers and R&M of boilers in European and CIS countries



Global Forays

Drivers

Customer Confidence

- Highest ever (90%) IPP orders inflow of Rs 33,787 Cr/ 14,689 MW in Power Sector during FY10
- Major order for 10 sets of 270 MW each from Indiabulls
- Highest value order of Rs.3,348 Crore received in Industry segment from IOC for Combined Cycle Cogen Power Plant for Paradip Refinery project
- Repeat order from HINDALCO for 6x150 MW BTG package for Aditya Aluminium, Orissa
- Highest value order from Indian Railways for 150 Electric Locomotives (25 kV AC, Type WAG 7)

Site Capability Enhancement

- Deploying additional Tools & Plants like heavy lift cranes suitable for erection of 800 MW, 500 MW, 250 MW Boilers

Allied Enablers

Thank You