

**BEML LIMITED**  
**BANGALORE**

MINUTES OF THE PROCEEDINGS AT THE FORTY EIGHTH ANNUAL GENERAL MEETING OF BEML LIMITED HELD ON FRIDAY, THE 14<sup>TH</sup> SEPTEMBER, 2012 AT 'API BHAVANA', No.16/F, MILLERS TANK BED AREA, VASANTHANAGAR, BANGALORE - 560 052.

Present:

- Shri P Dwarakanath : Chairman and Managing Director (I/c) & Director - Metro & Rail Business
- Dr. (Smt.) Rekha Bhargava : Independent Director
- Shri Kanwal Nath : Independent Director & Chairman - Audit Committee
- Shri M. Pitchiah : Director - Finance & Member
- Dr. M. Nellaiappan : Director - HR
- Shri C. N. Durgesh : Director - Mining & Construction Business
- Shri P. R. Naik : Director - Defence Business
- Smt. Kavitha Kestur : Chief Vigilance Officer
- Shri M E V Selvamm : Company Secretary & Member
- Shri Ranga Ramanujam : Partner, Statutory Auditors
- Shri Ravin Kulshrestha, OSD(LS) : Representative of the President of India, as  
Dept. of Defence Production per Article 73 of the Articles of Association of the Company
- Shri Ramesh S Joshi, Sr. Manager : Representative of Life Insurance Corporation of  
Life Insurance Corporation India
- Other Members present in person : 267
- Members represented by proxies : 66

Government of India order, vide No. 13(3)/2012-D(BEML) dated 28<sup>th</sup> August, 2012, appointing Shri Ravin Kulshrestha, Director, Department of Defence Production, Ministry of Defence (MoD), as the representative of Government at the AGM, signed copy of accounts for the year 2011-12 together with reports of Directors and Auditors thereon and all other statutory records / registers as required under the Companies Act were made available at the meeting for the inspection, if required, by the Members.



Shri M. Pitchiah, Director (Finance) welcomed the Members to the meeting. He also introduced the Directors and other dignitaries on the dais.

Shri P Dwarakanath, Chairman and Managing Director (I/c), took the Chair. He informed that the requisite quorum was present at the meeting, and accordingly he called the meeting to order.

The Chairman stated that after implementation of green initiative by the Ministry of Corporate Affairs, out of 67,000 plus shareholders of the Company, 32,530 shareholders constituting about 49% had opted the annual reports in electronic form. On behalf of the Company, he appreciated their gesture and requested other shareholders also to extend their support and cooperation by intimating their e-mail IDs to Share Transfer Agent, M/s Karvy Computershare Pvt. Ltd., for preserving the environment by reducing the consumption of paper.

The Chairman stated that there were 66 shareholders, holding 64,12,844 shares, appointed proxies to represent them at the meeting. Out of this, 30 shareholders had not affixed the required revenue stamps on the proxy forms. However, at the discretion of the Chairman, all those proxies were allowed to attend the meeting. Further, he requested the proxies to note that they had no right to speak at the meeting as per the provisions of the Companies Act.

The Chairman further stated that the provisions of the Companies Act specified that the proxy forms in order to be valid required to be submitted to the Company 48 hours before the commencement of the meeting and should be executed and signed properly. However, it was noted that some of the proxies were not duly stamped and some others were received late. However, in the larger interest of the shareholders, as the Chairman of the meeting, at his discretion, he allowed them to attend the meeting. Moreover, he requested the shareholders to comply with the said requirements of the Act relating to the appointment of proxies in future.





Later, Chairman made his speech as follows:

### **1. Chairman's Speech**

With respect to the Accounts 2011-12 laid before the meeting, the Chairman stated that –

- the year 2011-12 was a challenging year due to the global economic uncertainties which had adversely affected some of the sectors in which the Company was operating. However, the Company's consistent efforts in exploring newer growth areas in all the three segments namely, Mining & Construction, Metro & Rail and Defence, had paid-off reasonably.
- Despite the difficult situation, Company was able to register a sale marginally above the previous year. The total revenue billed was at Rs.3,648 Cr with net revenue of Rs. 2,921 Cr, including excise duty. In fact, there was a growth of 2% at net revenue level. However, due to pressure on margins, profit before tax remained at Rs. 66.46 Cr during 2011-12.
- Though the manufacturing sector, mining and quarrying, construction were witnessing a pressure on their growth rates, the Mining & Construction segment of the Company had made an impressive growth of 18% in sales as compared to previous year.
- The Rail & Metro business performance remained at the same level as of previous year. However, the Defence sector business performance was lower compared to the previous year.
- The Company closed the year with a healthy order book position of Rs. 7,066 Cr, with orders in Defence and Rail & Metro about Rs. 2,700 Cr each and Mining & Construction over Rs.1,300 Cr for delivery during 2012-13 and beyond. During 2011-12, two major orders were received - one for ARVs from MoD, and the other one for supply of Metro cars from Jaipur Metro Rail Corporation.
- The profit during last year was lower mainly on account of reduction in other income coupled with withdrawal of provisions of about Rs. 100 Cr effected in the previous year, which was not there for 2011-12. Further, the higher finance cost mainly on increased working capital borrowing due to poor off-take of our products as well as delay in the collection of receivables also impacted the profitability of the Company.



With respect to future outlook, the Chairman stated that –

- the Company had been taking all possible measures to improve the overall performance of the Company. New initiatives were already taken and pursued in the line of Aerospace business to avail the business opportunities emerging out of offset policy in Aviation sector announced by the Government of India. Further, steps were taken to explore the opportunities in the Dredging line of activities based on our strength in the earthmoving equipment manufacturing capacity. Company was also pursuing the prospects in other areas like BMP overhauling and other related services.
- On the product front, especially in Mining & Construction segment, with customers graduating to high-end-capacity products, Company had lined up new products matching the requirements like 150T and 200T Dump Trucks. These high productivity trucks, which were also competitive with global majors, in all probability, would start generating significant revenue in the coming years, as the demand for such products were expected to scale up.
- On the Rail & Metro side, while Metro segment would continue to grow, Company anticipated large requirement of EMUs by Railways for which the products were already lined up. The order book for the current year was fully booked and a sizeable growth was expected in this segment.
- For enhancing exports, the Company had already marketing establishments in 4 places outside India. Further plans were under consideration to establish an office in South Africa to cater to the growing African market.
- Technology, delivery, availability and cost advantages were the challenges in marketing the products of the Company. New features, new products through in-house R&D and competitive pricing through value engineering were some of the approaches the Company would continue to work to meet challenges in respect of technology and cost advantages. Company had invested about 2.7% of total revenue towards R&D every year in the recent past, to bring in new products and significant improvements in overall quality, cost effectiveness, aesthetic appeal and productivity in the existing models. On the delivery front, the Company had been working pro-actively and manufactured the products in anticipation to meet the Customers delivery requirements.





The Chairman further mentioned that during 2011-12, R&D had launched 4 products namely:

1. BE450LC – 45 ton Hydraulic Excavator
2. BE220R – 22 ton class Rail Road Hydraulic Excavator
3. Overhead Equipment Inspection car for Indian Railways
4. Stainless Steel AC EMU for Indian Railways

Apart from these, various modifications / up-gradations were carried out on engines and transmission which were used in our equipments to enhance customer satisfaction. High capacity Dump trucks for Mining sector were being developed and one such model was expected to be rolled-out shortly and offered for trials during the current year.

The Chairman also stated that the Company strongly believed that human resource was the most valuable asset of the organization. Further, retaining and nurturing talent was of paramount importance for the success and growth of the Company. Challenges for HR were in attracting and retaining the talent, competency building, enhancement of competency level of the existing manpower, inculcating leadership qualities and establishing performance based work culture. The Company had provided a highly competitive and congenial environment for its manpower to show its talent and excel.

He further stated that the rising wage bill was a part of any business operation. While, the Company had mitigated this through increased business volumes, Company also adopted various productivity improvement measures to absorb these costs and improve profitability. In fact, Company had successfully made the settlement of wage-linked-productivity and the resultant increased productivity substantially mitigated the increase in wages.

On 'Sustainable Development', the Chairman informed that, while meeting the present needs without compromising the interest of the future generations, the Company had adopted "BEML Sustainable Development Policy" during 2011-12. A set of projects had been identified for implementation during 2012-13, which included setting up of additional wind mill and solar lighting, with a view to reduce Co2 emission which otherwise would affect the environment. A Committee on Sustainable Development had



been constituted under the Chairmanship of Shri Kanwal Nath, Independent Director, to oversee the smooth execution of the projects.

The Chairman emphasized that 'Corporate Governance' was of paramount importance to the Company especially in the current global scenario where it was imperative to adhere to sound business practices and ethics. It also called for establishing proper and viable relationship among the various stakeholders of the Company i.e., board, management team, employees, shareholders, vendors, customers and other stakeholders. It was also noted that the Company had reached about 86% compliance level with respect to guidelines on Corporate Governance issued by Government of India through Department of Public Enterprises. The present level of compliance, i.e., 86% was rated as 'outstanding' under the norms of DPE. Continuous efforts were on to achieve 100% compliance levels at the earliest.

Thus, the Company had initiated multi-dimensional strategies and put in place appropriate action plans in each sphere of its operation to be ahead always in terms of market standing and provided high value to all its stakeholders, including the shareholders.

With respect to current scenario, the Chairman stated that Company's order book position as of date was about Rs. 6,929 Cr after executing a sale of Rs 1,023 Cr up to end of August, 2012. The Rail & Metro Sector had booked its orders for current year delivery, while the Mining & Construction and Defence business were awaiting orders from major customers to be finalized by end of second quarter. With these prospects, Company was all set to cross the corporate milestone of Rs 5,000 Cr turnover at the earliest possible to enhance the valuation of the Company.

As the concluding part of speech, the Chairman thanked the investors and shareholders of the Company including Government of India for the continued support and encouragement.

The Chairman also thanked the Board of Directors for their invaluable support and contribution in steering the Company through its chartered path and in consistently achieving glorious performance year after year.





Further, he gratefully acknowledged the spontaneous support and encouragement extended by the Company's Administrative Ministry i.e. Ministry of Defence and in particular, Dept. of Defence Production and unstinted co-operation of all employees and executives.

After the above speech, the Chairman stated that the Notice of the 48th AGM which was duly sent to the Members as per the provisions of the Companies Act, 1956 was taken as read with the permission of the Members. He further informed that the Auditors' Report which was circulated along with the Directors' Report and Accounts for the year 2011-12 was also taken as read with the permission of the Members.

The Chairman proceeded with the first item of the Notice relating to Adoption of Accounts for the financial year 2011-12. While taking up this item for adoption, he invited Members for discussions on the Accounts.

The Chairman stated that the Members interested in raising questions might do so by identifying themselves along with the Share Folio Number or Client ID Number and the questions should be relevant to the listed business items of the meeting. Further, he stated that any information otherwise required might be addressed to the Company Secretary for clarification outside the meeting so that the precious time of the Members could be effectively used for the listed business items. He further mentioned that the replies would be related to what was before the Members for consideration at the meeting.

Mr. K Sadananda Shastry, (Client ID No. 30354599), requested that the Chairman to conduct the proceedings only on business items listed in the notice of the Annual General Meeting (AGM). He further observed that every meeting in the recent past were disturbed by raising unconnected issues and thus deviated from the business items. He also stated that the grievances of ex-employees should not be discussed at this meeting.

The Chairman assured that the discussions would be confined to the business items of the meeting only.



Mr. Shastry continued with his query but Mr. K S Periaswamy (BES003980) interrupted shouting at Mr Sastry 'hello, Mr. Junior Natarajan sit-down, I know who sponsored you' and so on. There was a commotion among the Members. Many Members took strong objections to the conduct of Mr. Periaswamy. But he continued to shout 'many Natarajans are sitting inside' for a while and then returned to his seat.

The Chairman stated that members would get their opportunity to speak at the meeting and requested them to maintain decorum at the meeting. He further requested Mr. Sastry to proceed with his query.

Mr. Shastry stated that during the last AGM itself he had requested the AGM be conducted as AGM. Grievances, if any, of the ex-employees and retired employees should be dealt independently of AGMs. He further stated that the recent Tatra issue was a terrorist attack on the development of the Company and the first casualty was the shareholder. Hence, the management should be more vigilant to avoid such issues in future. He told that the Company should concentrate more on the domestic market instead of looking at South Africa and other countries. He also felt that there was necessity to strengthen the in-house R&D for modernizing the existing products and also for developing new products to meet the demands of the customers and to take on the competition in the market. He also expressed his concern on the dividend recommended and hoped that the performance would be improved in the coming years and downward trend of dividend reversed. With good amount of reserves he felt that the management should consider the option of rewarding the shareholders with bonus shares. He also expressed concern on the amount of trade receivables which were unsecured and considered doubtful which had increased three times compared to the previous year. He also wanted to know why there was a drastic fall in the revenue billed in the defence segment when compared to the previous year.

Before the Chairman made his reply for the above queries, Mr. Periaswamy moved to the mike and started reading his query. The Chairman requested him to hold since he had to reply to queries already raised at the meeting.





The Chairman went on to reply that in the year 2005-06 there was only Rs.105 crore turnover in the Metro & Rail segment. With the dedication and efforts of employees and officers, the turnover had increased to Rs.1345 crores in the last year. There was a healthy order book position in this segment. On the Mining segment, ruthless competition was being faced from competitors. Moreover, a look at the national indices of the current year indicates that the manufacturing sector had come down with capital equipments goods at (-)13% and Mining segment per se had come down to (-) 4.4%. Hence, there existed pressure in this segment. When pressure was there in the domestic market, the Company had to look forward to outside market. Two major deals were being finalised in the export front which would give about Rs.100 crores of exports. Further, it was stated that the Company was going very cautiously. Regarding Defence segment, the Company had been manufacturing heavy duty trucks since a long time and the current controversy was in public domain, he added. Since the matter was under investigation, the Chairman requested the Members not to seek further clarification on the subject. However, with the unstinted support of MoD, he was confident that the Company would overcome the problem and come back strongly.

On R&D front, it was informed that in the Metro segment, stainless steel EMUs, OHE cars, standard gauge and broad gauge were in demand and the prospects were very good. In the Mining segment, Electrical BE 1800 excavators were started last month and would be rolled out shortly. Similarly, dump trucks from mechanical transmission had moved to electrical side. It was further stated that R&D would be improved to meet the expectation of the market.

Regarding dividend, it was hoped that the things would shape up well in the future for declaring higher dividends. Finally, regarding Bonus shares it was stated that it would be examined at appropriate time.

Mr. Periaswamy raised a query on which basis the Chairman was appointed as In-charge Chairman. Further, he said that since nowhere the details were provided in the annual report he apprehended some conspiracy. The Chairman informed that the appointment was only an additional charge as indicated in the letter received from the MoD. There was no



need for any apprehension or conspiracy. Mr. Periaswamy interrupted and shouted 'Do not deviate, you are Junior Natarajan'. This followed a severe commotion among the shareholders. Many shareholders told Mr. Periaswamy to conduct himself properly. But he kept on shouting in high pitch 'I am the killer of Natarajan as per the CBI. CBI has clarified me as a killer of Natarajan to save the BEML and save the country. I have sent a questionnaire on 31st August addressed to Chairman and a copy to the Hon'ble President of India.'

The Chairman requested the members to maintain order and requested the Members to raise the issues relating to the business items of the meeting.

After the intervention of many Memebers, Mr Periaswamy read out his query as under::

'Name the Board of Directors [Functional and Non-Functional Directors] who are all participated and given their consent for serving a Legal Notice on behalf of BEML Company to Hon'ble Indian Army Chief Mr. V.K.Singh [Retired] in the BEML Board of Directors Meeting Held on 31-05-2012.'

The Chairman replied that though it was not part of the accounts before the meeting still he wanted to share his views with the Members. Mr. Periaswamy raised his hands and shouted 'Who are the culprits behind this, you tell me. I will interrupt, tell me first then you can continue'. Without listening to the calls of the Chairman, Mr. Periaswamy repeatedly shouted 'Who is the culprit? Name him first. We are discussing in the annual general meeting not only accounts.'

The Chairman informed that his reply for the specific query was that the board never considered this subject. Hence no further question arose on the issue.

Mr. Periaswamy read-out his next query seeking – 'The Name of the Paid Employee and his/her designation in the M/s. BEML Limited, Bangalore, who provided the company documents and instructed the Mr.Sandesh J.Chouta, Advocate, which caused him to issue the Controversial and Conspiracy Legal Notice, Dated: 01-06-2012 to Hon'ble Indian





Army Chief Mr. V.K. Singh [Retired], on behalf of M/s. BEML Limited without any authority under the law and also inform me the total amount incurred for the company for obtaining legal opinion and for serving a legal notice.’

The Chairman informed that the matter was referred to the lawyer as per the directions of the competent authority.

Mr. Periaswamy shouted at the Chairman ‘you cannot escape from the clutches of the Government of India, public and the government. Who is that competent authority? Whether it is Mr. Natarajan or Mr. Dwarakanath also a party to that? Don’t try to shield the accused Natarajan. I will take this issue to the competent authority in the judicial if you are trying to shield the accused Natarajan here. Why you are shielding? I will take this to legal forum. How you are shielding the people?’

The Chairman told Mr Periaswamy to move on to next query since the he had made his reply for the previous query.

Mr. Periaswamy read-out as under-

‘The Name of the Paid Employee and his/her designation in the M/s. BEML Limited, Bangalore, who instructed to post the Controversial and Conspiracy Legal Notice, dated: 01-06-2012 served to Hon’ble Indian Army Chief Mr. V.K.Singh [Retired], on behalf of M/s. BEML Limited by the Mr. Sandesh J. Chouta, Advocate in the BEML Website and to remove the same after the suspension of Accused VRS.Natarajan from BEML Employment by the Competent Authority.’

The Chairman replied that the content of the company’s official website was reviewed and modified based on the news value from time to time.

Mr. Periaswamy interrupted and shouted ‘No, don’t try to shield. You also will land in trouble with the CBI. Second question, you are shielding Natarajan. Here you are telling the name of the paid employee who is authorized to display in the website. Who is authorized to remove? That’s all. Tell me that one. What valid news? Before, you are not having brain to put it in the website, valid news or invalid news. You tell me, tell me the



name, come out with the clean hand. You come with the clean hand Mr. Dwarakanath. Don't follow the Mr. accused Natarajan pathway, because all your colleagues are same way, I know.

After some of the shareholders shouted back at Mr Periaswamy telling him to either move to next query or sit down. He read-out the next his query - 'Total how much Metric Ton Iron Ore Exported by BEML and the BEML Invoice/Bill Value in Indian Rupee for each Financial Year from 2003-2004 to 2012-12013 up to 31-08-2012.'

The Chairman replied that for 11-12 quantity was 149798 tons valued around 30 crores. 10-1 : 181936 tons valued at 51 crores, 09-10 : 66799 tons valued at 13 crores, 08-09 : 156400 tons valued at 69 crores, 07-08 : 260785 tons valued at 126 crores.

Mr. Periaswamy - 'How much amount so for company incurred towards payments made to Mr. Sandesh J. Chouta, Advocate, Bangalore Mr. B.V. Acharaya, Designated Senior Advocate, Bangalore, Mr.Dharmendra Kumar Sinha, Advocate, New Delhi and Mr. Krishnan Venugopal, he is the very important person, who is shielding the BEML all the scam in New Delhi Supreme Court, Designated Senior Advocate, New Delhi, connected /related with Criminal Case No. 34389/2011 pending trial before the IX-ACMM Court, Bangalore, against the Accused V RS. Natarajan, Criminal Petition No.7127/2011, before Hon'ble High Court of Karnataka, came to be Disposed on 29-03-2012 and Special Leave to Appeal (Crl.) No. 3262/2012, before the Hon'ble Supreme Court of India, came to be Dismissed on 26-04-2012. The Accused V RS. Natarajan in Criminal Case No. 34389/2011 pending trial before the IX-ACMM Court, Bangalore who is enlarged on bail, on the BEML Employee Surety Bond on 08-05-2012 and other BEML employee bond on 25-07-2012 and once again by BEML Employee Bond on 25-07-2012, [Accused presently the Suspended BEML-Chairman connected with Multi Crores of Rupees Defence Equipments Tatra Scam and many other scams in the FIR's registered by the CBI], you are suspended from the BEML. How much amount you have spent for all these cases?'

The Chairman replied that regarding query on payment of fees to lawyers engaged by the company, that no professional permitted the Company to reveal the payment of fees to them since it was the professional service rendered by them in their personal capacity. He





further informed that the professionals charge their fee depending upon many factors like personal standing in their respective profession, nature of the case, time involved, assistants engaged, etc. Further, it was informed that these details were already denied by the management against the application made under RTI by Mr. Periaswamy.

Mr. Periaswamy shouted 'No, no, no. don't try to shield the accused Natarajan, Mr. Dwarakanath. I won't leave you, I won't leave you, particularly I am telling I am challenging. Last year I challenged (Mr. Natarajan), I did it. This year I am challenging you I will do it. You come out with the truth. This is company money you have spent for accused Natarajan many millions of rupees. You spell out. I am also an advocate. People are seeking the bill particularly to this. You tell me come out with the truth. Why you are shielding accused Natarajan? I know, you are shadow of the Natarajan. Come out how much amount you have spent.'

The Chairman requested that the decorum of the meeting should be maintained.

Mr. Periaswamy : 'No decorum, what is the decorum, the same..... Natarajan had asked, where was the decorum? No, you spell out, you try to modify and come to the correct answer, why you are wasting the time of AGM meeting. You are spending the company money to the accused. Very nicely the government had selected you. Very nicely you are shielding the accused, that's why you are made an in-charge. Then I will see how you become a permanent Chairman, I will challenge that one also.'

There was commotion among shareholders at the meeting as some of them objected the way Mr. Periaswamy was behaving. However, Mr. Periaswamy kept on shouting in the mike 'you come out with the truth. This is the company money you have spent for the accused many millions, not one rupee or two rupees. You come out with the truth. Rs. 66 lakhs was given to accused. He is still paying the accused. How you are sitting I don't know. How you become Chairman I will see, I will see, I will challenge, I am the first person going to fight for it, looted money all people have joined with him and now he is outside. And now you are enjoying the seat. Now you are trying to sit inside. All the witnesses are there, spell out company's crores you have spent, I am the person made him the pucca accused in this case.'



There was a severe commotion among shareholders.

The Chairman appealed to maintain order and informed that as per the accounts the Company had incurred a sum of Rs.1.38 Cr towards total legal fees during the year 2011-12.

Mr. Periaswamy : 'No, no I am asking for the specific legal case. Don't show to divert, don't divert. For serving notice to Singh you have not spelt out. Very nicely you are shielding the accused Natarajan. You are cheating the nation, cheating the company, cheating the shareholders, cheating the President of India. I am asking a specific question what you are, what you can't understand this question, how you are sitting, you are unfit to become even the ordinary class IV of the Company. You come out with the clean hand in this AGM. This is not your company this is the nation's company. I am a small shareholder. You are looting and cheating.'

The Chairman told Mr. Periaswamy to move on to next query. But Mr. Periaswamy insisted for the fee details. One shareholder requested the Chairman to provide the requested details as per the law. The Chairman assured that he would make available a reply as per the applicable rules of law by posting the same on the Company's web-site for the benefit of all the shareholders.

Mr. Periaswamy interrupted and shouted .... 'See company money you have spent many cores on the accused Natarajan in this criminal case from trial court, Court Hall No. IX ACMM to high court, supreme court, all every where it was dismissed but company spent Rs. 1.78 crores as per my knowledge pertaining to this four liars. It is your private money? I give you 24 hours time, give me the reply'.

One of the shareholders intervened and said that the Chairman should not be pressurized by any member as was being done. If someone was not satisfied with the reply offered by the Chairman, he could write to the Company as stated at the beginning. At the meeting Chairman was the authority and he had the right to reply in whatever the way he deemed fit. Nobody should exceed the limits that too when the issue was subjudise. The Company





was a democratic institution it would take care of its own checks and balances. He requested the shareholder to leave at this stage and move forward.

Mr. Periaswamy : 'How much amount so for company in total incurred towards payments including Travel and Hotel stay bills made to M/s. Just Law, Advocates, Bangalore and their Designated Senior Advocate Mr.S.S.Naganand, all the 420 cases, of Bangalore related Company Petitions filed by the BEML and against the BEML before the Company Law Board at Chennai, which came to be disposed on 01-06-2012 by directing the Central Government to appoint an Inspector to Investigate the affairs of BEML Midwest Limited etc.'

Chairman: 'My answer, previous answer holds good for this also.'

Mr. Periaswamy : 'Same, very nice, super Natarajan you are. I have to appreciate President of India, Mr. Antony how a person Mr Junior Natarajan was selected to be in-charge. Very nicely you are managed.'

Mr. Periaswamy : 'The Disciplinary and Criminal Penal Action initiated against the Suspended Accused VRS.Natarajan, BEML Finance Director M.Pitchaiah, (pointing him) he is sitting there, and Retired BEML Director M. Poongavanam, (he is somewhere in the bar, day time he started) on the findings of serious fraud committed by the above three Offenders as mentioned in the Company Law Board Order, Dated:01-06-2012. If not, inform me still how many Days, Months/Years are required for the BEML and CVO-BEML, this is all great ladies, CVO of BEML all ladies ...to refer to MoD / CBI-ACB.

I got the company law board orders officially. Very serious charges on these three offenders, Natarajan, Pitchiah, who is here, other one now may be in the bar Mr. Poongavanam, a daylight boozier. You tell me how many days, months, years required to refer these offenders, because he is on the dais, Pitchiah is on the dais. Very nicely you are made in-charge. 49 thieves Alibaba and 49 thieves Dwarakanath is the junior Natarajan. Under law Abhijeta'

The Chairman told Mr. Periaswamy to desist from the way he was taking at the meeting.



Mr. Periaswamy : 'This is not a private company of Dwarakanath. This is not your parents company, this is the public limited company, you are bound to answer. I know company law more than you all, Natarajan is behind the bar.

Other shareholder: 'Our time is wasted.'

Mr. Periaswamy shouted at him calling him a junior Natarajan. There was commotion again among the shareholders. The Chairman called the meeting to order and called another shareholder to speak.

Mr. Periaswamy interrupted shouting 'Last question, last question, wait yaar important question'

Chairman: 'Please Sit down, time is up, time is up'

Mr. Periaswamy : 'No my time is not up, I will stand here only, I will disturb the proceedings. Answer my last question. Total how much amount of Medical Claim was Reimbursed to the Director-HR M. Nellaiappan, he is also on the dais, in contrary to the company norms for his Son Medical Treatments availed at Abroad while his son said to be doing part time labour work at car parking in commercial zone as alleged by Assault (I got certain information so I have not mentioned that one) / Accident case. And how much amount he made to refund to the company on the findings of the Statutory/CAG Auditors and what Disciplinary and Criminal Penal Action initiated against Offender Nellaiappan for the fraud / cheating committed on the company exchequer amount to many Millions of Rupees. Very big people are sitting, one Pitchiah, one Nellaiappan, you are the leader. How many crores of rupees for somebody who is working as part-time park attender.'

Chairman: 'Mr. shareholder, please understand that your company is a public sector company which has the prescribed set of rules pertaining to the allowances/expenses including medical reimbursement. Such reimbursements are made duly approved by the competent authorities. Further subject to internal audit, statutory audit and government audit. Please note that there is no observation in this matter either by the statutory auditors





or by C&AG auditors. Hence, you have mentioned the director concerned as an offender which is totally against the truth.'

By that time fee members stood up and insisted that their views should also be heard.

Mr. D M Ghosh Mohiuddin, (Client ID No. 2606000225), congratulated the Chairman and expressed his confidence that the Company would do well with the rich home-grown experience of the Chairman. He expressed satisfaction with the recommendation of dividend at 50% as compared to 'Nil' during 1998-99. He also expressed his concern that the interest burden was high for whatever reason.

Mr. Aswarth Narayana, (Client ID No. 10519084) expressed his concern about the falling price of the Company's shares in the market mainly on account of negative news on the Company. He requested the management to take suitable steps to bring back the lost image of the Company. He suggested the annual reports be posted in a cover so that it would be damaged in transit. He expressed concern over the lower volume in defence business. Further, he expressed apprehension if the moneys of the Company could be recovered from the investments made in BEML Midwest Limited since the legal issues relating to it were dragging in the Courts of Law.

Dr. Ashok (Client ID No.12419423) informed that though there were some nominee shareholders from the ministry, they never attended the meetings. Moreover, they being ex-officio shareholders the Company was required to spend considerable sum of money in transferring such shares whenever there was a change among the officials. Hence, the Company should consider holding these shares under one folio, if not otherwise required under law. He further wanted to know why not the Company declare higher dividend out of its reserves.

Mr. Sundaresan, (Client ID No.10682886), suggested that the management could regularly meet the press and provide right details so that the image of the Company could be maintained. He enquired if the fall in exports performance was due to bad image of the Company. Further he made detailed observations on the reducing PBIDT in the recent past, increase in borrowings and inventory levels, and fall in share prices.



Mr. Parthasarathy, (Client ID No. 40734110), thanked all the Directors for organizing the meeting successfully. He mentioned that the Company should consider issuing bonus shares. He sought clarification on the increase in auditors' fee from Rs.18.92 lakhs in 2010-11 to Rs.31.88 lakhs in 2011-12.

Shri Pitchiah replied that the interest burden was mainly on account of increased working capital requirements as well as to some extent on account of the long term loans availed for project investments. In the case of share price movements on the stock exchanges, he explained that there were many factors involved in the pricing of a share in the market. Regarding BEML Midwest Ltd, the matter was decided by the Company Law Board. Company had gone on appeal before High Court and the matter was being pursued. Regarding the government holdings the matter would be taken up with the government.

Further, Mr. Aswarth Narayana lauded the Company's supplies of first rake of 9 cars designed by BEML to DMRC and expected more cars to be delivered. The Chairman mentioned that this was due to the unstinted efforts of the employees that enabled the company to supply these cars.

Mr. Bhaskar, (Client ID No.30673509), informed that he had worked for BEML for about 40 years and suggested issue of paid advertisement in all news papers to inform all people giving out the factual situation to come out clean and improve the image of the Company, which would result in improvement of share price also.

Shri Periaswamy intervened and told 'CBI will come out with the press release that Rs.3000 crores was looted. These people are supporting accused Natarajan. BEML will not give any advertisement'.

On export turnover, the Chairman replied that due to sluggishness in the domestic market, Company had focused more on exports. Two major export orders were received from Eastern countries. After execution of these orders, the company's export turnover would increase. The Company had set an export target of around Rs.450 Crs and the prospects were very good for the current year. If compared, export prospects were very good at





present, because, already company had exported to the extent of Rs.55 crs and exports for Rs.100 crs were in the offing. However, company was concentrating both on domestic and international front. At present CIL market was sluggish and expected to take some shape and improve during second and third quarter.

A shareholder asked that as the company was completing half year, what would be the company profitability position at the end of half year.

As on 30.06.2012 in the current financial year, the sales stood at Rs.505 crs, and for the month of July, 2012, it was Rs.247 Crs and August, 2012, it was Rs.267 Crs. Hence, it is evident that the Company had done better during the second quarter when compared to first quarter. Further, the Company was expecting better sales in September, 2012.

One Shareholder pointing out that the Stock Exchanges are showing loss for the first quarter. Chairman replied that the Company had incurred a loss of Rs.39 crs during the first quarter. Gross margin at the end of August, 2012 was positive, but the interest burden was quite high. Further, working capital was high, FGI was also on higher side and regarding trade receivables, the matter had taken up with ministry and railway board. With the suitable measures by the Company, the inventory would come down and turn out positive. Sluggishness in the Mining sector was a cause for concern, but the Company had taken measure to come out of it. The third quarter of 2012-13 would be encouraging and the trend would continue for the remaining period.

Regarding secured loan, DF replied that the increase in loan from banks from Rs.254.72 lakhs to Rs.3209.86 lakhs was due to the reason that, Rs. 25 Cr was drawn for Palakkad project, which was completed. Though the amount sanctioned was Rs.100 crores, the company had availed Rs.32 Cr only and the balance was not utilized by the company. Rs.106 Crs was drawn from Standard Chartered Bank at an interest rate of 9.14%, mainly for capital expenditure planned by the Company. Rs.53 crores used for Aerospace project, Rs.15 Crs towards designing of dump trucks, Rs.20 crs towards further investment in Rail & Metro business and the balance amount towards other capital expenditure.



Mr. Sundaresan asked about the profitability status of Palakkad project and supplies to Bangalore metro. Shri M Pitchiah replied that Palakkad project was making profit.

Mr. Periaswamy intervened and said 'the Company is losing Rs.1 Cr in metro business whereas Rotem is gaining about Rs. 60 Cr. This matter will be taken up with CBI as this is also a scam and Mr. Dwarakanath is the leader'.

Mr. Sundaresan said that projects should be continuously monitored. Shri M Pitchiah replied that all the projects were monitored and reviewed periodically.

Regarding inventory turnover ratio, Shri M Pitchiah replied that though it was on higher side, item-wise inventory piling of stock was only in finished goods, WIP and raw materials were under control. FG was piled up due to sluggishness in the market. Current year we were looking at the available stock and take care of the production plan to ensure that the FG inventory come down to a reasonable level of one month production by the year end. Since it was an engineering industry the raw material and WIP required to be carried for more than three months. The only area where we were carrying the inventory was FG which we were addressing in the current year by making a suitable production plan.

As regards advance of Rs.407 crs received, Shri M Pitchiah replied that it was received at the year end and most of it would be consumed during current year. As a temporary measure, the same was kept it in fixed deposits.

After discussions, the Chairman closed the discussion with the permission of the Members and requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah, Director (Finance), as a shareholder, proposed the following ordinary resolution which was seconded by Shri Ravin Kulshrestha and others.

“RESOLVED that the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012 together with the Directors' Report and the Auditors' Report thereon be and the same are hereby received, considered and adopted.”





The above ordinary resolution was adopted unanimously.

#### **5. Declaration of Dividend**

The Chairman stated that the Profit After Tax stood at Rs.57 Crs as against Rs.150 Crs for the preceding year. Considering the fact that there was a drop in the profitability due to lesser quantum of sales of Defence products and Mining & Construction spares coupled with severe competition that had exerted pressure on margins and also considerable increase in the financial charges during the year, and also to comply with the Ministry of Finance guidelines on payment of dividend by profit making CPSEs, the Board recommended a dividend of Rs.5 per share i.e., 50% on the Paid-up Capital of the Company which would amount to Rs.24.20 crores including payment of tax on dividend.

The dividend of Rs 5 per share would be payable to those Members whose names appeared on the Register of Members as on the date of Book Closure i.e. 08.09.2012 and in respect of shares held in electronic mode to those whose names appeared in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Securities (India) Limited as on that date.

After discussions, the Chairman requested Shri M E V Selvamm to propose the resolution.

Shri M E V Selvamm, Company Secretary, as a shareholder, proposed the following ordinary resolution which was seconded by Shri H S Prakash and others.

“RESOLVED that a Dividend of Rs.5 per share i.e., 50% on the paid-up value of the equity shares of the Company, absorbing Rs. 20.82 Crs for the year 2011-12 be and is hereby declared out of the profits for the year ended 31<sup>st</sup> March, 2012 and the same be paid to those shareholders whose names appear on the Register of Members of the Company as on the date of Book Closure and beneficial owners under demat form as per the list furnished by NSDL and CDSL.”

The above ordinary resolution was adopted unanimously.



## **6. Election of Directors retiring by rotation**

The Chairman stated that in terms of Articles of Association, the President of India was authorised to appoint the Directors from time to time. However, as a matter of compliance with the provisions of the Companies Act, the new appointments and re-appointments were placed before the general body for formal approval.

### **(a) Re-appointment of Shri P Dwarakanath, as Director**

Since the item of business related to his election to the Board, the Chairman requested Shri M. Pitchiah, Director (Finance), to Chair the meeting and conduct the proceedings. Shri M. Pitchiah took the Chair.

Shri M. Pitchiah proposed the following ordinary resolution and Shri Ramakrishnappa and others seconded it for adoption:

“RESOLVED that Shri P Dwarakanath, be and is hereby re-appointed as Director, of the company.”

The above ordinary resolution was passed unanimously.

Since the subsequent items of businesses were not concerning the Chairman personally, Shri M. Pitchiah requested Shri P Dwarakanath, Chairman and Managing Director (I/c) to chair the meeting and continue the further businesses of the meeting. Shri P Dwarakanath took the chair and continued the proceedings.

### **(b) Re-appointment of Shri M Pitchiah, Director (Finance) as a Director**

The Chairman requested Shri M E V Selvamm to propose the resolution.

Shri M E V Selvamm proposed the following ordinary resolution which was seconded by Shri V S Venkatanathan and others.





“RESOLVED that Shri M Pitchiah be and is hereby re-appointed as Director of the Company.”

The above ordinary resolution was passed unanimously.

**(c) Re-appointment of Dr. M Nellaiappan, Director (HR), as a Director**

The Chairman requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah proposed the following ordinary resolution which was seconded by Shri Ravin Kulshrestha and others.

“RESOLVED that Dr. M Nellaiappan be and is hereby re-appointed as Director of the Company.”

The above ordinary resolution was passed unanimously.

**(d) Re-appointment of Smt Rashmi Verma, Joint Secretary, MoD, as a Director**

The Chairman requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah proposed the following ordinary resolution which was seconded by Shri H S Ali Shariff and others.

“RESOLVED that Smt Rashmi Verma be and is hereby re-appointed as Director of the Company.”

The above ordinary resolution was passed unanimously.

**(e) Re-appointment of Dr. (Smt.) Rekha Bhargava, as Director**

The Chairman requested Shri M E V Selvamm to propose the resolution.



Shri M E V Selvamm proposed the following ordinary resolution which was seconded by Shri K Sadananda Sastry and others.

“RESOLVED that Dr. (Smt.) Rekha Bhargava be and is hereby re-appointed as Director of the Company.”

The above ordinary resolution was passed unanimously.

**(f) Re-appointment of Lt. Gen. (Retd.) Noble Thamburaj, Independent Director, as a Director**

The Chairman requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah proposed the following ordinary resolution which was seconded by Shri P P Ravi Kumar and others.

“RESOLVED that Lt. Gen. (Retd.) Noble Thamburaj be and is hereby re-appointed as Director of the Company.”

The above ordinary resolution was passed unanimously.

**7. Fixation of remuneration of Statutory Auditors for the year 2012-13**

The Chairman stated that since the Company was a Government Company, the Central Government through the Comptroller and Auditor General of India would appoint the Statutory Auditors from time to time. The appointment of auditors for the current financial year 2012-13 was received. However, the remuneration had to be fixed by the Shareholders. Hence, he requested the shareholders to delegate the power to fix the remuneration of the Statutory Auditors for the year 2012-13 to the Board of Directors.

The Chairman requested Shri M Pitchiah to propose the resolution.





Before the resolution was proposed, a shareholder asked that why the remuneration had gone up during 2011-12 and whether would there be further increase for the current year. Shri M Pitchiah replied that the overall remuneration had not gone up since the out-of-pocket expenses had gone up due to auditors' visit to the regional offices which was not there in the previous year. Further, he said that this matter was being taken care, the increase if any would be marginal only.

Thereafter, Shri M Pitchiah proposed the following ordinary resolution which was seconded by Shri Ravin Kulshrestha and others.

“RESOLVED that pursuant to the provisions of Section 224(8) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorized to fix the remuneration and other terms and conditions of the Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the year 2012-13.”

The above ordinary resolution was passed unanimously.

## **8. Special Business**

### **Appointment of Director**

The Chairman stated that the President of India in exercise of the powers vested under Articles of Association of the Company, appointed Shri Rajnish Kumar, Additional Financial Adviser & Joint Secretary, Department of Defence Production, Ministry of Defence, as Part-time Government Director on the Board with effect from 02.08.2012.

Notice had been received with deposit nominating him for Directorship. The bio-data of the Director had been furnished with justification for his appointment to the post of Directors as set out in the Explanatory Statement to the Notice.

The consent of the shareholders was sought for his appointment as Director.



The Chairman requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah proposed the following ordinary resolution which was seconded by Shri N Lakshmi Narayana and others.

“RESOLVED that Shri Rajnish Kumar, be and is hereby appointed as Director of the Company with effect from 2<sup>nd</sup> August 2012 on the terms and conditions as stipulated by the Government.”

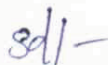
The above ordinary resolution was passed unanimously.

## 9. VOTE OF THANKS

While proposing vote of thanks on the occasion, Shri M E V Selvamm thanked the Members for making it convenient to attend the Annual General Meeting and for their active participation and continued support. He desired closer association in the coming years in charting the growth of the Company and creating better value for the Members. He thanked Shri Ravin Kulshrestha, the Representative of the President of India, the largest Shareholder, Shri Ramesh S Joshi, the representative of Life Insurance Corporation of India, the second largest shareholder, the Chairman and Members of the Board for having made it convenient to attend the Meeting.

He also thanked the Staff Members of the Company for having extended their wholehearted support in making elaborate arrangements for the meeting and ensuring its smooth conduct.

After National Anthem, the Chairman declared the meeting closed.

  
(P Dwarakanath)

Chairman & Managing Director (I/c)

