

BEML LIMITED
BANGALORE

MINUTES OF THE PROCEEDINGS AT THE 49TH ANNUAL GENERAL MEETING OF BEML LIMITED HELD ON FRIDAY, THE 13TH SEPTEMBER, 2013 AT 'API BHAVANA', No.16/F, MILLERS TANK BED AREA, VASANTHANAGAR, BANGALORE - 560 052.

Present:

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| Shri P. Dwarakanath | : Chairman and Managing Director |
| Shri M. Pitchiah | : Director - Finance & Member |
| Shri C. N. Durgesh | : Director - Mining & Construction Business |
| Shri P. R. Naik | : Director - Defence Business |
| Shri D K Hota | : Director - HR |
| Shri Kanwal Nath | : Independent Director & Chairman - Audit Committee |
| Shri C. Balakrishnan | : Independent Director |
| Shri N. P. Gupta | : Independent Director |
| Prof Ramesh Bhat | : Independent Director |
| Prof S. Sadagopan | : Independent Director |
| Shri M E V Selvamm | : Company Secretary & Member |
| Shri Ranga Ramanujam | : Partner, Statutory Auditors |
| Shri Timothy T. Gonmei
Deputy Secretary, Dept. of
Defence Production | : Representative of the President of India, as per Article 73 of the Articles of Association of the Company |
| Shri R.S. Joshi, Sr. Manager,
Life Insurance Corporation | : Representative of Life Insurance Corporation of India |
| Other Members present in person | : 279 |
| Members represented by proxies | : 6 |

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, took the Chair. He informed that the requisite quorum was present at the meeting and accordingly he called the meeting to order.



The Chairman informed that all the statutory records / registers as required under the Companies Act including signed copy of accounts for the year 2012-13 together with reports of Directors and Auditors thereon and the Government of India order, vide No. 13(2)/2013-D(BEML) dated 9th September, 2013, appointing Shri Timothy T. Gonmei, Deputy Secretary, Department of Defence Production, Ministry of Defence (MoD), as the representative of President of India at the AGM, were made available at the meeting for inspection, if any required, by the Members.

The Chairman stated that after implementation of green initiative by the Ministry of Corporate Affairs, out of 71,210 plus shareholders of the Company, 38,552 shareholders constituting over 54% had opted the annual reports in electronic form. On behalf of the Company, he appreciated their gesture and requested the 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 and thereby reducing cutting of trees.

The Chairman stated that there were 35 shareholders, holding 52,24,316 shares, appointed proxies to represent them at the meeting. Further, he requested the proxies to note that they had no right to speak at the meeting as per the provisions of section 176 of the Companies Act.

Later, Chairman delivered his speech as follows:

1. Chairman's Speech

With respect to the Accounts 2012-13 laid before the meeting, the Chairman stated that –

- The assessment of the Company's performance for the Financial Year ended 31.03.2013 had been made and the challenges thrown by global and domestic economic conditions were being countered effectively.
- The Company achieved gross sales of ₹3290 Crs as compared to ₹3648 Crs during the previous year. However, the silver-lining was that, the Company recorded a net sales (net of consortium supplies and excise duty) of ₹2809 Crs as against ₹2726 Crs achieved during the previous year. Despite the prevailing recession in the global economy and the unprecedented business environment and conditions prevailed in the capital goods sector, Company registered a marginal growth of 3.02 % in net sales during the year.



- Globally there was a down trend in mining activities during last year. The domestic front also witnessed sluggishness in mining as well as in construction sectors. ICAR, a leading Investment Information and Credit rating Agency in India, had reported 15% negative growth in Mining & Construction equipment marketing segment during 2012-13, and it had also forecast that this market would remain subdued during 2013-14. Further there was acute pressure on margins due to global players dumping their products and undercutting the prices for whatever the little market the country could offer. Facing all these odds, Mining and Construction business was able to register a turnover of ₹1526 Crs (previous year ₹1803 Crs). However, the International Business Division had done better by exporting Mining and Construction products to the tune of ₹198 Crs., predominantly to developing markets in Africa and Middle East thus registering a growth of 37.5% over the previous year performance of ₹144 Crs.
- The performance of Defence Business was not on the expected level since its turnover was only ₹347 Crs as against previous year turnover of ₹455 Crs. This was mainly due to non-availability of components and parts consequent to the extra-ordinary situation the Company was facing in this line of business. All possible steps were being taken to improve the performance of Defence Business segment of the Company including tapping the potentials for supplying Mining and Construction equipments to defence forces apart from exploring other /new business opportunities.
- Railway and Metro business achieved a growth of 81% by registering a turnover (net of consortium sale) of ₹1097 Crs as against ₹607 Crs recorded during the previous year. The Company had major orders on hand for manufacture and supply of SS EMUs, AC EMUs and Rail Coaches during 2013-14 which would augur well for the performance during the current year. The Company bagged major orders / Letter of Intent relating to Delhi Metro to the tune of ₹1,164 Crs. With this, the Rail & Metro manufacturing capacity of the Company was fully booked upto 2014-15.
- The efforts and contributions of the R&D Divisions during the year were quite commendable. The first 150T Electric Drive Rear Dump Truck and 180T Electric Excavator were rolled out during the year. It was a matter of pride that these equipments were indigenously designed, developed and manufactured to meet the growing demands in the Mining & Construction segment. Customers like M/s Coal India Limited and its subsidiaries were approached for field evaluation of these equipments. Similarly, the Stainless Steel EMU and Intermediate Cars for Metro Trains, which were the fruits of the R&D efforts, bagged good orders both from Indian Railways and DMRCL respectively.



- The Company started current financial year with a healthy order book of ₹5,993 Crs and set a sales target of ₹4,150 Crs for the year 2013-14. The order book position remained at ₹6,693 Crs, out of which ₹1300 Crs worth of orders would be executed during the current year. Further orders to the extent of ₹1,000 Crs would be booked for deliveries during the current year to achieve the set targets.
- There was aggressive and fierce competition for most of the Company's products, not only in terms of quality and cost but also in offering the equipment with better and advanced technological features. To sustain and improve Company's market share in domestic market and also to establish and expand the presence globally, there was an urgent need to drastically improve the quality and reliability of all products and services and cut down the costs. To achieve these objectives, management had identified the following strategies and action plans:
 - i) The Company had declared the year 2013-14 as “Year of Quality” - “ *Quality Control to Quality Assurance*”
 - ii) Bench marks were set to produce and service equipment in line with global standards in respect of Technology, Customer Satisfaction and Quality.
 - iii) Road map for R&D was drawn for up-gradation of the existing products, increased indigenisation of all products and introduction of new products / aggregates to enhance business.
 - iv) Cost control measures were stepped up to reduce fixed and material costs.
- The Company was constantly adopting and maintaining the highest standards of values and principles. A detailed report on compliance of the guidelines on Corporate Governance under the Listing Agreement entered into with the Stock Exchanges and also the guidelines issued by the Dept. of Public Enterprises for CPSEs formed part of the Directors’ Report.

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 guidance and support rendered by them.

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 49th 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 2012-13 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 2012-13. While taking up this item for adoption, he invited Members for discussion on the Accounts.

Some of the members raised queries on the financial and operational performance of the Company during the year 2012-13 and also on the future business prospects of the Company. The Chairman and other Functional Directors replied those queries suitably.

Later, 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 Timothy T. Gonmei and others.

“RESOLVED that the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year ended as on that date together with the Directors' Report and the Auditors' Report thereon be and are hereby received, considered and adopted.”

The above ordinary resolution was adopted unanimously.

5. Declaration of Dividend

The Chairman stated that the Company incurred a loss of ₹122 Crs as against profit before tax of ₹66 Crs made during the preceding year. The loss was mainly on account of drop in volume of business in Defence and Mining & Construction business segments and considerable increase in the financial charges and other provisions made during the year. However, keeping in view the past performance and future prospects and at the same time meeting the aspirations of the shareholders, the Board of Directors recommended a dividend of ₹2.50/- per share i.e., 25% on the Paid-up Capital of the Company which would absorb ₹12.18 Crs including payment of tax on dividend.

The proposed dividend of ₹2.50 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. 10.09.2013



and in respect of shares held in electronic mode to all the beneficial owners whose names appeared in the statement furnished by the Depositories as on that date.

After discussion, 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 ₹2.50 per share i.e., 25% on the paid-up value of the equity shares of the Company, absorbing ₹12.18 Crs for the year 2012-13 be and is hereby declared out of the accumulated profits as of 31st March, 2013 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 the Depositories.”

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, in compliance with the provisions of the Companies Act, the new appointments and re-appointments were placed before the general body for approval.

(a) Re-appointment of Shri Kanwalnath, 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 H S Ali Shariff and others.

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

The above ordinary resolution was adopted unanimously.

(b) Re-appointment of Prof Ramesh Bhat, 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 V S Venkatanathan and others.

“RESOLVED that Prof Ramesh Bhat be and is hereby re-appointed as Director of the Company.”

The above ordinary resolution was adopted unanimously.

(c) Re-appointment of Prof S Sadagopan, 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 Timothy T. Gonmei and others.

“RESOLVED that Prof S Sadagopan be and is hereby re-appointed as Director of the Company.”

The above ordinary resolution was adopted unanimously.

(d) Re-appointment of Shri C N Durgesh, as Director (Mining & Construction Business)

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 P Murugesan and others.

“RESOLVED that Shri C N Durgesh be and is hereby re-appointed as Director (Mining & Construction Business) of the Company.”

The above ordinary resolution was adopted unanimously.

7. Fixation of remuneration of Statutory Auditors for the year 2013-14

The Chairman stated that since the Company was a Government Company, the Central Government through the Comptroller and Auditor General of India would appoint Statutory Auditors from time to time. Accordingly, the present auditors, M/s Ramani Padmanabhan & Ramanujam, was appointed as Statutory Auditors for the current financial year, i.e., 2013-14. However, as per the provisions of the Companies Act, the remuneration had to be



fixed at the general body meeting. Considering the practical issues, the Chairman requested the shareholders to delegate the power to the Board to fix the remuneration for the Statutory Auditors for the current financial year.

The Chairman requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah proposed the following ordinary resolution which was seconded by Shri K S Nanjundaswamy 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 2013-14.”

The above ordinary resolution was adopted unanimously.

8. Special Business

A) Appointment of Directors:

The Chairman stated that the President of India in exercise of the powers vested under Article 97 of the Articles of Association of the Company should not only appoint the Directors of the Company from time to time but also determine the term of office of such Directors. Accordingly, the changes on the Board of the Company were effected during the year as per the directives of the President of India as under:

- Shri P Dwarakanath appointed as the Chairman & Managing Director of the Company with effect from 09.10.2012, who took charge on 10.10.2012.
- Shri C. Balakrishnan and Shri N.P. Gupta, both former Secretaries to the Government of India, and Shri Suhas Anand Bhat, former CMD, Indian Overseas Bank were appointed as Non-official (Independent) Directors on the Board of the Company with effect from 15.10.2012, in place of Shri M.B.N. Rao, Shri J.P. Batra and Shri J.P. Singh, who were ceased to be Independent Directors on 07.07.2012.
- Shri P K Mishra, Joint Secretary, Department of Defence Production, Ministry of Defence, was appointed as Part-time Government Director with effect from 02.11.2012, in place of Smt. Rashmi Verma.



- Shri D K Hota was appointed as Director (HR) on the Board with effect from 01.07.2013, in place of Dr. M. Nellaiappan.

Notices had been received with deposits nominating them for Directorship in terms of the provisions of the Companies Act. The bio-data of the Directors had been furnished with justification for their appointment to the post of Director as set out in the Explanatory Statement to the Notice.

The consent of the shareholders was sought for their appointment as Directors. Accordingly, the Chairman had taken up the appointment of Directors one by one.

i) Appointment of Shri P Dwarakanath, as Chairman & Managing Director:

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

Shri M. Pitchiah proposed the following ordinary resolution which was seconded by Shri Ramakrishnappa and others:

“RESOLVED that Shri P Dwarakanath, be and is hereby appointed as the Chairman & Managing Director of the Company with effect from 09.10.2012 on the terms and conditions as stipulated by the Government.”

The above ordinary resolution was adopted unanimously.

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

ii) Appointment of Shri C Balakrishnan, as an Independent 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 Shri C Balakrishnan, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government.”

The above ordinary resolution was adopted unanimously.

iii) Appointment of Shri N P Gupta, as an Independent Director:

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

“RESOLVED that Shri N.P. Gupta, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government.”

The above ordinary resolution was adopted unanimously.

iv) Appointment of Shri Suhas Anand Bhat, as an Independent 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 P Murugesan and others:

“RESOLVED that Shri Suhas Anand Bhat, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government.”

The above ordinary resolution was adopted unanimously.

v) Appointment of Shri P K Mishra, as Part-time Government Director:

The Chairman requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah proposed the following ordinary resolution which was seconded by Shri Timothy T. Gonmei and others:

“RESOLVED that Shri P K Mishra, be and is hereby appointed as Part-time Government Director of the Company with effect from 02.11.2012 on the terms and conditions as stipulated by the Government.”



The above ordinary resolution was adopted unanimously.

vi) Appointment of Shri D K Hota, as Director (HR):

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 P P Ravi Kumar and others.

“RESOLVED that Shri D K Hota, be and is hereby appointed as Director (HR) of the Company with effect from 01.07.2013 on the terms and conditions as stipulated by the Government.”

The above ordinary resolution was adopted unanimously.

B) Alteration of Articles of Association for Buy-back of Shares:

The Chairman stated that the Department of Public Enterprises, Government of India, had observed that the listed central public sector enterprises were not exercising the option to buy-back their shares as private companies did to provide for sustained investors' interest in the Company and protect their market capitalization in the long term interest of the company's ability to raise funds from market.

In order to provide a level playing field certain guidelines were issued including amendment of Articles to provide for buy-back of shares if such provision did not exist in the Articles of Association of the Company. Since, the Articles of Association the Company did not contain any provision for the said buy-back, it was proposed to amend the Articles of Association by inserting Article 7(a) after Article 7.

The said proposal was considered by the Board of Directors at their 309th Meeting held on 30.05.2013 and recommended the same for the approval of the members. This amendment would enable the Company to buy-back its shares as per the provisions of the Companies Act and SEBI Guidelines as amended from time to time.

Further, the Chairman informed that the said proposal was only an enabling provision added to the Articles of Association, as per the directives of Government and presently the Company was not contemplating any buy-back of shares. Such proposal in future would require the approval of members as per the provisions of Companies Act.



After discussion, the Chairman requested Shri M Pitchiah to propose the resolution.

Shri M Pitchiah proposed the following special resolution which was seconded by Shri Timothy T. Gonmei and others:

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby amended by inserting the Article No.7(a) as under after the existing Article No.7:

Buy-back of Shares:

Article No.7(a) – The Company may, subject to the applicable provisions of the Companies Act and SEBI Regulations, purchase its fully paid shares or other specified securities (hereinafter referred to 'Buy Back') out of its free reserves or the securities premium account or the proceeds of any shares or other specified securities issued specially for the purpose of buy back or any other mode as may be permitted from time to time."

The above special resolution was adopted unanimously.

9. VOTE OF THANKS

While proposing vote of thanks on the occasion, Shri C N Durgesh, Director (Mining & Construction Business) 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 for the mutual prosperity, benefit and growth.

He thanked Shri Timothy T. Gonmei, the Representative of the President of India, the largest Shareholder, Shri R 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.



Sd/-
(P. Dwarakanath)
Chairman & Managing Director