

BEML LIMITED
BANGALORE

MINUTES OF THE PROCEEDINGS AT THE 50TH ANNUAL GENERAL MEETING OF BEML LIMITED HELD ON THURSDAY, THE 18TH SEPTEMBER, 2014 AT 'API BHAVANA', No.16/F, MILLERS TANK BED AREA, VASANTHANAGAR, BANGALORE - 560 052.

Present:

Shri P. Dwarakanath	:	Chairman and Managing Director
Shri C. N. Durgesh	:	Director - Mining & Construction Business
Shri P. R. Naik	:	Director - Defence Business
Shri Deepak Kumar Hota	:	Director - HR
Shri Pradeep Swaminathan	:	Director - Finance
Shri Aniruddh Kumar	:	Director - Rail & Metro Business & Member
Shri C. Balakrishnan	:	Independent Director & Chairman - Audit Committee
Shri N. P. Gupta	:	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

Other Members present in person : 321
Members represented by proxies : 6

Shri Pradeep Swaminathan, Director (Finance), welcomed the Members at the meeting. He also introduced the Directors and other dignitaries on the dais and also informed that Shri P. Dwarakanath, Chairman and Managing Director, was entitled to Chair the meeting in terms of Article No.74 of the Articles of Association of the Company.

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 2013-14 together with



reports of Directors and Auditors thereon and the Government of India order, vide No. 13(1)/2014-D(BEML) dated 12th September, 2014, 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 67,000 plus shareholders of the Company, about 40,000 shareholders constituting nearly 60% had opted the annual reports in electronic form through e-mail. On behalf of the Company, he appreciated their gesture for preserving the nature and requested the remaining shareholders also to extend their support and cooperation by intimating their e-mail IDs to M/s Karvy Computershare Pvt. Ltd., the Share Transfer Agents of the Company, or to their respective depository participants and opt for soft copies of Company communications, including annual report, in the larger interest of preserving the environment by reducing the consumption of paper and thereby minimizing cutting of trees and also reducing the carbon footprints.

With the above introductory remarks, the Chairman delivered his speech as follows:

Chairman's Speech

With respect to the Accounts 2013-14 laid before the meeting, the Chairman stated that –

The year gone by had been a challenging year for Indian Industry. Despite the difficult situation, Company had been able to register sales, including excise duty, of ₹3120 Crs as against ₹2999 Crs made during the previous year and thereby posted a growth of about 4%.

The Mining & Construction business achieved the turnover of ₹1594 Crs registering a growth of 4.45% over previous year inspite of around 15% drop in domestic and global markets in this sector. The Rail & Metro business achieved the turnover of ₹1370 Crs, an increase of 25% over the previous year. The Defence business recorded the turnover of ₹148 Crs as against ₹347 Crs in the previous year. The drop in turnover in this line of business was mainly because of the extra-ordinary situation prevailed in defence supplies.

With this top-line performance, Company made a gross margin of ₹173 Crs during 2013-14 as against ₹69 Crs during the previous year. The Profit Before Tax stood at ₹9 Crs for the year. The Company had closed the year with a healthy order book position of ₹6052 Crs.

Design, development and up-gradation efforts of in-house R&D resulted in development of two new products i.e., BG 605 I Model Motor Grader and BE 220 G Model Hydraulic Excavator besides up-gradation of BH 100 Dumper and BD 155 Dozer. It was a matter of



pride that new products developed by R&D had received accolades and awards during 2013-14, including:

- ❖ “Raksha Mantri Award” for Design Effort for design and development of Country's first Stainless Steel Electric Multiple Unit (SS EMU)” for Indian Railways for Sub-urban commuting.
- ❖ SS EMU also bagged the “Engineering Excellence Award 2013” as “Public Choice Award”.
- ❖ 150T Dump Truck BH 150E had bagged the “Engineering Excellence Award 2013” for “Best Engineering Marvel for Self Reliance and Public Choice Award”.

Towards self-reliance, the Company had already achieved over 90% indigenisation in the mainline Mining & Construction products, Rail Coaches & EMUs. Further, all out efforts were underway to reach higher level of indigenisation in Defence products.

On CSR front, Company had tied up with NGOs to help differently abled people of backward regions in Davanagere District of Karnataka State by distributing aids and appliances.

Plantation of tress across Company campuses and distribution of saplings to public was part of sustainability and Green Initiative measures of the Company.

Regarding plan for the year 2014-15, the Chairman stated that the industrial sector was expected to grow by 3.3% and the Mining Sector by 2.8%. This would augur well for the Company, especially to the Mining & Construction segment. In this projected positive scenario and also keeping in view the present order book position, the Company had set a sales target at ₹3600 for the year 2014-15.

Domestic and global Mining & Construction market was yet to pick up. Strategies were put in place to maximize the sales in the domestic market and accelerate sales in export market through better customer focus and service, thereby concerted efforts were being made to achieve the target planned for the year.

In the Rail & Metro business, Company would continue to progress with a reasonable growth and be a major player in the Rail Transportation segment of the country.

In the Defence business vertical, the situation was improving and the Company was anticipating to resume supplies against pending orders and also to secure further orders



from Defence. Further, business opportunities were being explored through expanding supplies to Ordnance Factory Board and other Defence Public Sector Undertakings.

Plans were also in place to diversify into new products such as Continuous Miner and Mine Cruiser in the area of Mining & Construction business, Light Rail Vehicles (LRVs) and Electric Buses in Rail & Metro segment and overhauling of Armoured Recovery Vehicles, Heavy Duty Trucks and manufacturing aggregates for Aerospace sector as a new revenue stream in Defence vertical.

3 year R&D perspective plans for all the three business verticals had been drawn up, in line with the changing trends in technology, to match with the global standards and to cater to the customer demands.

On HR front, the Chairman thanked the Employees' Unions and Officers' Association for their cooperation and maintaining the cordial industrial relations climate in the Company.

In order to build people capability, various learning and development initiatives were taken in collaboration with reputed institutions in India. Actions were on hand to develop a competency framework in the Company to build a leadership pipeline through career and succession planning. This initiative would prepare business leaders for the future. Other notable HR initiatives being planned were conduct of employee engagement survey, HR process improvement, as also leveraging of technology in HR. Company had also signed MoUs with IIT-Madras and National Law School of India University, Bangalore to facilitate industry academia interface.

As a responsible corporate citizen, the Company had been taking up various Corporate Social Responsibility and Sustainable Development initiatives and the same would be continued in future.

In pursuit of excellence in performance, Company was working towards achieving benchmark parameters in comparison with domestic and global competitors.

Further, Company was committed for enhanced value creation to its stakeholders and society at large by taking up activities and initiatives for sustainable growth with environmental concerns.

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 Department of Public Enterprises for Central Public Sector Enterprises were formed part of the Board's Report.



The Company had put in place appropriate action plans with conviction and courage to rise to challenges. With this continuous dedicated efforts, commitment and hard work, the Company could move forward and achieve greater heights in this 'Golden Jubilee Year' and in future to meet the expectation of all the stakeholders.

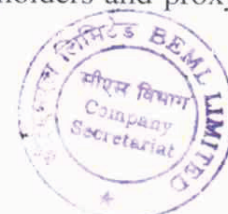
The Chairman expressed gratitude to the shareholders and valuable customers for their trust and support as well as his deep appreciation to all employees and executives for their untiring efforts and contribution.

He also thanked all fellow Directors on the Board for their unstinted support in the operations of your Company.

Further, he gratefully acknowledged the valuable guidance and support received from the Ministry of Defence and other administrative Departments of Government of India and co-operation received from the collaborators.

Before taking up the business of the meeting, the Chairman mentioned that –

- Pursuant to Clause 35B of the listing agreement, the Company had provided e-voting facility to all members to vote in respect of the business items being transacted at this meeting. E-voting was made available from 12.09.2014 to 14.09.2014. An exclusive user ID and password were also sent to the members along with the notice of the meeting. In view of these new provisions, the practice of passing resolutions at general body meetings by show of hands was done away.
- M/s Velichety & Co., Chartered Accountants, represented by its Partner, Shri Vijaya Raghava Rao, was appointed as the Scrutinizer for e-voting as well as the poll to be conducted in this meeting. Further, there were 63 members, including the Government of India and Life Insurance Corporation of India, pertaining to 2,76,58,425 shares accounting about 66% of total share capital had exercised their franchise through E-voting platform.
- Further, poll through ballot was arranged for voting on the business items as set out in the notice for those members present at this meeting, who had not exercised their franchise on e-voting. The results of the e-voting along with the results of poll by the ballot papers would be declared after receiving the report from scrutinizer within 24 hours through the Company's website. The results would also be placed by Bombay Stock Exchange Limited and National Stock Exchange of India Limited on their respective websites. He requested all the shareholders and proxy holders who



had collected the ballot papers to cast the votes and drop the ballot papers in the boxes kept at the entrance of the venue.

- There were 23 shareholders holding 32,17,141 shares appointed proxies to represent them at this meeting. 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 in the prescribed manner. Therefore, shareholders were requested to note that the proxies registered 48 hours before the commencement of the meeting only could be permitted to vote at the meeting.
- The proxy holders, who had not submitted the proxy forms before 48 hours would not be permitted to vote at the meeting. They were requested to ensure the proxy forms were submitted to the Company well before 48 hours of the meeting, in future.

Later, the Chairman taken up the business items as set out in the notice as under:

- The Notice of the 50th Annual General Meeting along with the Board's Report, Accounts for the year 2013-14 and Auditors Report thereon circulated to all the members through either e-mail or courier and also placed on the website of the Company was taken as read with the permission of the members.
- Poll on the business items as set out in the notice would be conducted through ballot papers after the discussion.

The Chairman invited members for discussions on the business items as set out in the notice.

Some of the shareholders mentioned that the ballot papers were bearing the serial numbers in thousands whereas the members present at the meeting were around 300 only. The representatives of Karvy Computershare Pvt. Ltd. (Karvy), the Registrar and Share Transfer Agents of the Company and also the e-platform service providers for e-voting, who were available at the meeting for attendance registration purpose, explained that there were five computers placed at the registration counter and first digit of the serial number on the ballot papers related to the individual computer on which the attendance entries were made and the remaining three digits related to the serial number of the ballot paper.



Shri D R Prakash (Client ID-IN30214810190584), observed that the e-voting was done by the members having about 66% holdings in the capital of the Company much before the business items as set out in the notice were discussed at this meeting. This new practice was illogical and thereby rendered the meeting meaningless. Hence, he requested the Company to take up the issue with the Government at appropriate levels and ensure that in future at least the e-votings were done subsequent to the meetings.

It was informed that the Company had followed the requirements under the Companies Act and the Listing Agreement with respect to the e-voting, however the observations of the member would be forwarded to the appropriate authorities for consideration.

Shri Sadananda Shastry (Client ID-IN30192630354599), wanted to know as to why the Company reduced the dividend to 10% while it had earned some profits, whereas the dividend was at 25% during the previous year when the Company suffered huge losses.

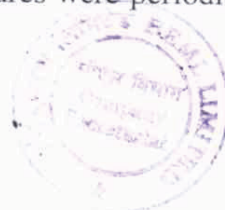
The Chairman informed that during the previous year the Company had paid higher dividend in anticipation of better business prospects during 2013-14. However, in view of the overall downtrend in the economy the results were not up to the expected levels. Further, it was a conscious approach of the Board to recommend the dividend @10% for the year 2013-14 mainly to keep up the morale of the investors' community and at the same time to ensure the required cash flow for the smooth operations of the Company.

Shri M. Chandre Gowda (Client ID-IN30214810572144), sought clarifications with respect to lack of orders for Rail Coaches and the present status on defence orders.

It was informed that the management was concerned with the delay in receiving the orders for supply of Rail Coaches to Indian Railways. The matter had been taken up with the Railway Ministry at the highest levels. Every effort was being made to secure the orders at the earliest. Further, it was informed that there were some positive signs indicating the revival of Defence business.


Shri K S Periaswamy wanted to know as to why the share of expenses borne by other JV partners of MAMC consortium were not mentioned in the annual report and further he wanted a reply for his questions, relating to the payment of salaries and other benefits to couple of retired executives, which he had sent through e-mail.

It was informed that the amount spent by the Company alone was required to be provided in the annual reports of the Company as per the provisions of the Companies Act. The Chairman further informed that the expenditures were periodically reconciled



and settled with the JV partners in the proposed shareholding ratio. Further, it was informed that the queries raised by the member through e-mail were not related to the business items as set out in the notice of the meeting. However, suitable replies were already furnished to the member through e-mail.

After the vote of thanks by Shri C.N. Durgesh, Director (Mining & Construction Business), the Chairman once again requested the members and proxy holders, who had collected the ballot papers, to cast their votes and drop the ballot papers in the boxes kept at the entrance of the venue and declared the meeting closed.


(M E V Selvamm)
Company Secretary

