



भारत हेवी इलेक्ट्रिकल्स लिमिटेड Bharat Heavy Electricals Limited

No. AA/SCY/EGM/13

Date: 6th July, 2013

The Manager – Listing Dept.
National Stock Exchange of India Ltd.
“Exchange Plaza”, C-1, Block G
Bandra-Kurla Complex, Bandra (East)
MUMBAI – 400 051

The DGM – Corp. Relationship Deptt.
Bombay Stock Exchange Limited,
1st Floor, New Trading Ring,
Rotunda Bldg., P.J. Towers
Dalal Street, Fort,
MUMBAI – 400 001

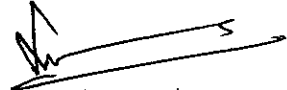
Dear Sir,

Sub: Minutes of Extraordinary General Meeting of BHEL
held on 27th June, 2013

Pursuant to **Clause 31(d)** of the Listing Agreement, we are sending herewith a copy of the Minutes of Extraordinary General Meeting of BHEL held on 27th June 2013, for your information and record.

Thanking you,

Yours faithfully,


(Yogesh R. Chhabra)
Dy. Company Secretary

Encl: As above

BHARAT HEAVY ELECTRICALS LIMITED
NEW DELHI

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE
MEMBERS OF BHARAT HEAVY ELECTRICALS LIMITED HELD ON
'THURSDAY', THE 27th JUNE, 2013 AT 11.00 A.M. AT FICCI
AUDITORIUM, BARAKHAMBA ROAD (TANSEN MARG), NEW DELHI**

PRESENT

1. Shri B. Prasada Rao
Chairman & Managing Director & Member
2. Ms. Kusumjit Sidhu
Part-time Official Director
3. Shri S. Ravi
Part-time Non-official Director
Chairman-Board level Audit Committee
4. Shri Trimbakdas S. Zanwar
Part-time Non-official Director
5. Shri Atul Saraya
Director (Power) & Member
6. Shri M.K. Dube
Director (IS&P) & Member
7. Shri P.K. Bajpai
Director (Finance)
8. Shri R. Krishnan
Director (HR)
9. Shri A.K. Agrawal
Under Secretary, Department of Heavy Industry,
Ministry of Heavy Industries & Public Enterprises,
Udyog Bhavan, New Delhi
(As Representative of the President of India, holding 1,65,75,52,000 shares i.e.
67.72% of the total paid up share capital of the Company)

Total 5368 Members representing 180,53,21,842 shares and 304 Proxies representing 28,18,79,975 shares were present as per duly signed attendance slips submitted by them.

IN ATTENDANCE

Shri I.P. Singh

Company Secretary

Company Secretary welcomed Chairman & Managing Director (CMD), Directors, shareholders and other dignitaries on the occasion of Extraordinary General Meeting of the Company. Shri B. Prasada Rao, CMD presided over the meeting pursuant to Article 47 of Articles of Association of the Company.

While welcoming the Members on the occasion of Extraordinary General Meeting of the Company, Chairman introduced all the Directors, sitting on the dais and also Shri A.K. Agrawal, representative of President of India, to the Members.

Chairman requested the members to observe two minute silence in memory of the victims of the Uttarakhand calamity.

Thereafter, Chairman announced that the requisite quorum was present and as such the meeting was in order. With the permission of members, notice of EGM incorporating MDRS has been taken as read.

Chairman thereafter mentioned that any member intending to make any query relating to agenda item of the Notice can collect the question slips, available with the volunteers in the hall, fill it up and give it back to the volunteers so that it could reach the chairman for reply.

Chairman further requested the members to avoid any defamatory remarks about the Company or individual executives of the Company. He stated that personal grievances could also not be entertained in this meeting, as it was not the appropriate forum to discuss such issues. He appealed to the Members not to raise any matter, which was not related to the agenda item as mentioned in the Notice for the Extraordinary General Meeting.

Thereafter, Chairman delivered his speech, which is enclosed as **Annexure-I**.

After the speech, various questions raised by the shareholders relating to the proposed agenda were taken up and necessary answers/ replies/ clarifications were provided by the Chairman.

Thereafter, Chairman took up agenda of the meeting for consideration by the Members.

SPECIAL BUSINESS

To approve the Modified Draft Rehabilitation Scheme (MDRS)

Chairman requested Company Secretary to read out the resolutions. Company Secretary read out the following resolutions to be passed as **Special resolution**:

“RESOLVED THAT pursuant to the provisions of Section 18 and all other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”) and other applicable laws, regulations, listing agreements, and guidelines issued by any

regulatory authorities, if any, and subject to the approval of the Board for Industrial and Financial Reconstruction ("BIFR") at New Delhi or any other appropriate authorities, the Modified Draft Rehabilitation Scheme (MDRS) incorporating Amalgamation between Bharat Heavy Plate and Vessels Limited ("BHPVL"), the wholly owned subsidiary of Bharat Heavy Electricals Limited ("BHEL") and BHEL and their respective shareholders, a copy of which was enclosed with the Notice of this Extraordinary General Meeting be and is hereby approved."

"RESOLVED FURTHER THAT the Board of Directors of BHEL is hereby authorized on behalf of BHEL to make such alterations, modifications, or amendments in the Modified Draft Rehabilitation Scheme as may be expedient or necessary for complying with requirements or conditions imposed by the BIFR and/or any other appropriate authorities."

"RESOLVED FURTHER THAT the Chairman and Managing Director ("CMD") of BHEL is hereby authorized on behalf of BHEL to authorize any representative of BHEL to carry out all such procedural requirement including signing and filing of Affidavits, Applications, Petitions, Documents etc. or to do all such acts and deeds as may be expedient or necessary for the purposes of sanctioning of the Modified Draft Rehabilitation Scheme by BIFR and/or any other appropriate authorities"

Company Secretary also read out the Explanatory Statement.

Shri Yash Pal Chopra (DP ID - 59200 and Client ID - 1205920000015243), a member, proposed and Shri Nithin K (DP ID - IN301022 and Client ID - 21028767), another member seconded the resolution.

Chairman then put the proposal to vote and requested the Members to raise their hands if they were in favour of adopting the resolution. The members raised their hands in favour of the proposal and none opposed the same.

Thereafter, Chairman declared that the Resolution is passed unanimously by the members.

The Meeting concluded with a vote of thanks, proposed by Shri Atul Saraya, Director (Power), to the members and the chair.

-sd/-
(B. Prasada Rao)
Chairman

Place: New Delhi
Date: 06.07.2013

Annexure-I

**Chairman's Address
Extraordinary General Meeting
27th June, 2013**

Dear Members,

On behalf of the Board of Directors & employees of BHEL, I have great pleasure in welcoming you to this Extraordinary General Meeting of your company. I sincerely thank you all for being with us on this important occasion. The EGM has been called to seek your consent for merger of BHEL's wholly owned subsidiary BHPV with your company. The Modified Draft Rehabilitation Scheme (MDRS) regarding the same has already been circulated to you, and with your permission, I shall take it as read.

Merger of BHPV with BHEL

Bharat Heavy Plate and Vessels Limited ("BHPV") was established in the year 1966 as a public sector undertaking under the Department of Heavy Industry, Government of India. BHPV caters to the specialized equipment & plants required for oil refineries, fertilizer plants, steel plants, defence sector etc. and contributed more than Rs. 650 crore to the National exchequer during the last 20 years. However, due to inexperience in Lump Sum Turnkey (LSTK) projects and lack of diversification, BHPV incurred losses and was referred to Hon'ble Board for Industrial and Financial Reconstruction (BIFR) in August 2004. Upon approval by Union Cabinet, BHPV was taken over by BHEL as a wholly owned subsidiary on May 10, 2008.

A Scheme for Rehabilitation of BHPV was sanctioned by Hon'ble BIFR on October 21, 2010 for revival of BHPV, keeping it as a wholly owned subsidiary of BHEL. BHEL had taken several initiatives like providing orders, management support, working capital assistance, operations expertise and addressing HR issues after the transfer of BHPV as a subsidiary of BHEL. Furthermore, with BHEL's efforts, BHPV has regained the confidence of certain customers and the holiday status imposed by EIL on BHPV has been lifted. Although BHEL had taken all possible steps, still it is felt that there are certain significant difficulties which are impeding the revival prospects of BHPV.

Accordingly, a proposal was made for merger of BHPV with BHEL under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") which was approved by Board of BHEL in its meeting held on May 23, 2012. Subsequently, the Union Cabinet has also accorded its approval to the merger of BHPV with BHEL on February 21, 2013. Accordingly, MDRS was filed with Hon'ble BIFR. The statutory hearing is scheduled on 31st July, 2013 at BIFR.

It is envisaged that with the merger of BHPV with BHEL, the consolidated entity shall provide strategic and competitive advantage by integrating and rationalising capacities for the production of industrial boilers and process plant equipment. BHPV shall be developed as a hub for industrial boilers. There is a business potential of Rs. 9000 crore in the next 5 years for industrial boilers upto 500 TPH and BHEL would take a major share of this business.

The proposed merger of BHPV with BHEL will bring administrative and operational efficiencies and will facilitate optimal utilization of resources by the combined entity.

The merger will pave the way for BHEL in diversifying its product portfolio.

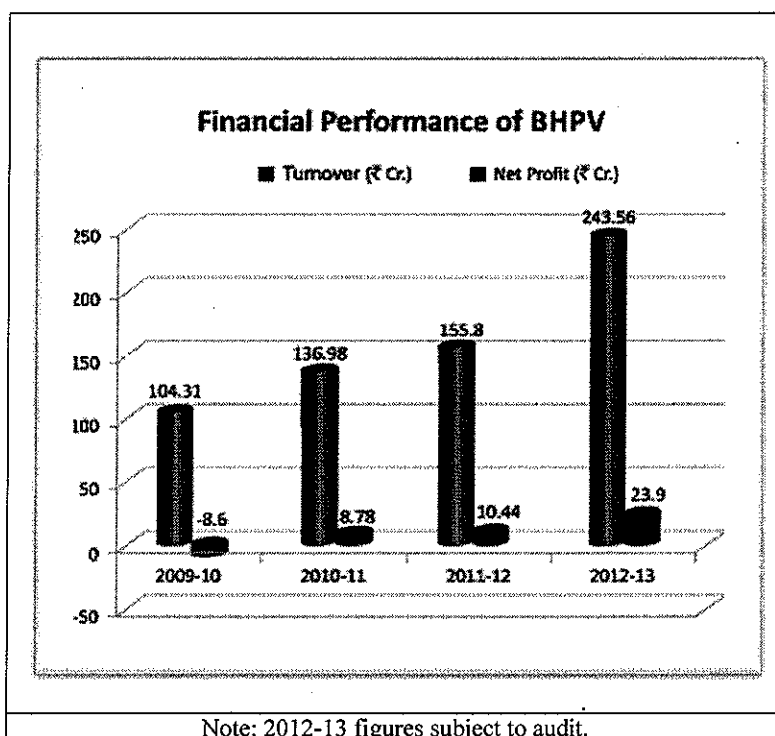
The capabilities of BHPV are evident from the esteemed references like supplies of Titanium Domes and Cones to Vikram Sarabhai Space Center which were successfully tested and got approved for usage in Launch Vehicle and Satellite applications.

BHPV has also been identified as a manufacturer of Compact Heat Exchangers for the Light Combat Aircraft 'Tejas' meeting all technical requirements mandated by the relevant Military Standards.

Based on BHPV's experience and capabilities for manufacture of their legacy products like High Pressure Heat Exchangers, Pressure Vessels, Columns, Reactors, Air Separation Units, Nitrogen Plants etc, BHEL will be able to address forthcoming business from Fertilizer Sector. This would also facilitate BHEL's entry into the Oil & Gas Sectors for products like Group Gathering Stations, Gas Processing Units etc as BHEL's presence in the process industries like Refineries, Petrochem, and Fertilizers has earlier been limited to supply of individual products like boilers, turbines, motors etc. With BHPV, BHEL would be in a position to bid for entire systems / sub-systems & progress to qualify for EPC contracts in these sectors, BHEL expects an additional business of over Rs 5400 crore in the next 5 years.

BHPV would become a strategically located first coast based plant of BHEL. Being an already established plant with all the infrastructure facilities and 380 acres of land, further brown field expansion at BHPV is possible and will be cheaper, compared to green field expansion. Furthermore, BHPV has a developed sea front facility for fabrication and transportation of heavy equipment through barge which can be used by BHEL in transportation of heavy over dimensional consignments (ODC) for domestic and international orders. BHPV has already made an ODC of 442 tons for an export order of 2x135 MW Koniombo Project in New Caledonia & shipped from the sea side facility, bringing competitive advantage to BHEL.

At the same time, BHEL's continuous efforts have resulted in BHPV making profits for the last three years. Though, financials of BHPV have improved remarkably, there is a strong need to sustain competitive advantage and realize the potential benefits of synergies which exist between BHEL and BHPV by addressing the structural difficulties like low morale of work force, inability to qualify for global tenders due to "sick" tag and slower pace of CAPEX execution. Merger is, therefore, the answer to deal with such structural difficulties.



The salient features of MDRS are:

1. This MDRS provides for the merger of **Bharat Heavy Plate & Vessels Limited**, with **Bharat Heavy Electricals Limited**, in terms of the provisions of SICA.
2. The Appointed Date shall be October 1, 2011 and the Effective Date shall be the date of filing of the certified copies of the Hon'ble BIFR order with the Registrar of Companies.
3. With effect from the Appointed Date BHPV shall be dissolved without winding up and all assets and properties, and all the debts, liabilities (including contingent liabilities), advances, duties and obligations of BHPV as on the Appointed Date shall be transferred to BHEL as a going concern without any further acts of any parties and without the consent of third parties.
4. All the regular employees, who are in the service of BHPV, on the Effective Date, shall become the employees of BHEL as detailed in MDRS.
5. BHEL shall draw up and finalize a consolidated Balance Sheet post-merger as on the Appointed Date which shall be the opening Balance Sheet of BHEL as on the Appointed Date.
6. The share certificates in relation to the equity shares held by the members of BHPV shall be deemed to have been automatically cancelled and be of no effect on and from the Appointed Date, without any further act, deed or instrument.

7. The Scheme though comes into operation from the Appointed Date, shall be conditional upon and subject to the following:
- a) The certified copies of the Hon'ble BIFR order approving the Scheme to be filed with the RoC;
 - b) Such other sanctions, permissions, consents and approvals as may be required by the provisions of Section 18 of SICA and any other law in respect of this Scheme are being obtained including those of the relevant Government authorities.

New Phase of Dynamic Growth

BHPV upon merger would become a full-fledged manufacturing unit of your company. The merger will also pave the way for a new phase of growth at BHPV. In BHEL's fold, BHPV will regain its past glory by modernizing its strategically located manufacturing base to deliver world class equipment and systems by inculcating the strong performance driven culture of BHEL. In this regard, capital expansion is already underway at BHPV with an investment of Rs 230 crore to provide the technological edge. We are confident that this merger will contribute to the enhancement of stakeholder value.

Acknowledgment

I take this opportunity on behalf of the Board of Directors to thank our esteemed shareholders for their confidence and trust in the Management of your Company.

I also express my sincere and heartfelt thanks to the inimitable leadership and support of the Hon'ble Union Minister of Heavy Industries & Public Enterprises, Secretary (Department of Heavy Industry), officials of the Ministry of Heavy Industries & Public Enterprises, Hon'ble BIFR, Govt. of AP, Banks and Financial Institutions, Employees and other stakeholders for their support in revival and merger of BHPV with your company.

I look forward to continued support from all stakeholders in future as well.

Thank You.

-sd/-

(B. Prasada Rao)
Chairman & Managing Director

New Delhi
27th June, 2013