



(Formerly BHARAT EARTH MOVERS LIMITED)
(A Govt. Of India Mini Ratna Company under Ministry of Defence)

Golden Peacock
Innovation Management Award

Manufacturing Units :

Bangalore Complex

Tel : 080-25242414
e-mail : bemlcnmr@vsnl.com

KGF Complex

Tel : 08153-253020
e-mail : bemlede@vsnl.net.in

Mysore Complex

Tel : 0821-2402422
e-mail : bemlmys@sancharmet.in

International Business Division

Tel : + 91-80-2222 2730, 2223 3350
e-mail : office@export.beml.co.in

Technology Division

Tel : + 91-80-2296 3100-109
e-mail : office@ctd.beml.co.in

Trading Division

Tel : + 91-80-22963113
e-mail : office@trading.beml.co.in

Regional Offices :

Bilaspur

Tel : 07752-252082
e-mail : bilaspur@rm.beml.co.in

Chennai

Tel : 044-28270792
e-mail : chennai@rm.beml.co.in

Hyderabad

Tel : 040-23227032
e-mail : hyderabad@rm.beml.co.in

Kolkata

Tel : 033-22826314
e-mail : kolkata@rm.beml.co.in

Mumbai

Tel : 022-22049490
e-mail : mumbai@rm.beml.co.in

Nagpur

Tel : 0712-2248435
e-mail : nagpur@rm.beml.co.in

New Delhi

Tel : 011-23316500
e-mail : delhi@rm.beml.co.in

Ranchi

Tel : 0651-2560370
e-mail : ranchi@rm.beml.co.in

Sambalpur

Tel : 0663-2521604
e-mail : sambalpur@rm.beml.co.in

Singrauli

Tel : 07805-268260
e-mail : singrauli@rm.beml.co.in

BEML Service Centres :

Moula Ali, Hyderabad

Tel : 040-27240873
e-mail : sh@Zona.beml.co.in

Ongole - Service Activity Centre
Mobile No. : 9440312607

Service Activity Centre
Katni - 483501 (M. P.)
Mobile No. : 9425156473

Service Centre & Stores

Kolkata - 700088
Tel : 033-24010782
e-mail : storeskol@rm.beml.co.in

CS/47th AGM/132

28.09.2011

The Bangalore Stock Exchange Limited,
Stock Exchange Towers,
No.51, 1st Cross, J.C.Road,
BANGALORE 560 027

Dear Sirs,

Sub: Proceedings of 47th Annual General Meeting – Reg.

Please find enclosed a copy of the proceedings of 47th Annual General Meeting of our Company held on 29th August 2011 in compliance with the terms of Clause 31 (d) of the Listing Agreement.

Thanking You.

Yours faithfully,
for BEML LIMITED


(M E V Selvam)
Company Secretary

Encl: As above

Cc 1. Department of Corporate Services
The Bombay Stock Exchange Limited,
P.J.Towers, 26th Floor,
Dalal Street,
MUMBAI – 400 001

2. The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East),
MUMBAI – 400 051

BEML LIMITED
BANGALORE

MINUTES OF THE PROCEEDINGS OF THE FORTY SEVENTH ANNUAL GENERAL MEETING OF BEML LIMITED HELD ON MONDAY, THE 29TH AUGUST, 2011 AT 'GRAND BALL ROOM, THE CHANCERY PAVILION, RESIDENCY ROAD, BANGALORE – 560 025.

Present:

Shri V.RS. Natarajan	: Chairman & Managing Director (Member)
Shri J.P. Singh	: Director
Lt. Gen. (Retd.) Noble Thamburaj	: Director
Shri P. Dwarakanath	: Director - Metro & Rail Business
Shri M. Pitchiah	: Director - Finance (Member)
Shri M. Nellaiappan	: Director - HR
Shri C. N. Durgesh	: Director - Mining & Construction Business
Shri P. R. Naik	: Director - Defence Business
Shri M E V Selvam	: Company Secretary
Shri N. Ramani	: Statutory Auditor
Shri Ravin Kulshrestha, OSD(LS)	: Representative of the President of India, as per Article 73 of the Articles of Association of the Company

Members present in person : 305
Members represented by proxies : 84

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

The Chairman, Shri V.RS. Natarajan, 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 there were 95 shareholders, holding 44,43,026 shares, appointed proxies to represent them at the meeting. Out of this, 32 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 not to take part in the discussions of the meeting as per the provisions of the Companies Act.

The Chairman informed that the order of the President of India, bearing No. 13(4)/2011-D(BEML) dated 18th August, 2011 appointing Shri Ravin Kulshrestha, OSD (Land Systems), Department of Defence Production, Ministry of Defence, to act as the representative of the President at the AGM, signed copy of accounts for the year 2010-11 together with reports of Board 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 any, required by the members.

Later, Chairman made his speech as follows:

1. Chairman's Speech

The Chairman stated that India's economic growth, as measured by the Gross Domestic Product improved to 8.5% in 2010-11 from 8% in 2009-10, mainly due to better farm output. India's Defence expenditure had gone up by 6.9% during 2010-11 and Metro & Rail sector achieved a growth of about 9% over previous year. However, India's mining sector saw a slowdown in growth to 5.9% in the 2010-11 fiscal compared to a growth of 9.9% in 2009-10. Accordingly, the users in the mining sector back held the equipment procurement and also the global market continued to reel under the recessionary grip which had its impact on BEML's business. Further, the domestic Mining sector was yet to pick up its momentum.

As regards Company's performance for the year 2010-11, it was stated that the slowdown in the Mining sector and general recession experienced across all sectors both domestic and global, had affected the Company's performance during 2010-11 thus resulting into a sales of ₹3624 Crs during 2010-11 compared to ₹3558 Crs during the previous year posting a growth of about 2%, although low, but significant in the backdrop of subdued market and business environment. However, the Metro & Rail business registered a growth of 31% over the previous year. Defence grew about 4% over 2009-10. The lesser order inflow to Mining & Construction business was due to delay in project approval, environmental clearance etc. In addition to poor equipment take off, the Company's spares business also affected owing to some of the Institutional Customers including a prominent Government Sector resorted to tender for sourcing spares for BEML equipments from other spurious sources, while placing 100% spares orders on MNC equipment suppliers. This adversely affected the sales in this sector and also export orders of over ₹150 Crs for Mining & Construction equipments could not be converted into sales owing to our customers who were unable to establish LC on time. The Company thus posted a Profit before Tax of ₹187 Crs and wrapped up the year with an order book of over ₹5400 Crs for execution during 2011-12 and beyond. The reduction in profit was mainly on account of impact of wage and pay revision made during the year for a tenure of 10 years.

The Chairman shared with the members the following performance highlights of the Company during the financial year 2010-11:



- a. BEML Manufacturing Facility at BEML Palakkad Complex in Kanjikode, Kerala was inaugurated by Hon'ble Raksha Mantri and Chief Minister of Kerala on 16th May, 2010 for manufacturing Defence products and Railway aggregates. The construction of 1st phase of 2 lakh sqft with a dedicated Helipad, was completed in an unprecedented record time of 5½ months from the day of laying the 1st brick, against 18 months as originally projected. This Division had posted sales of ₹151 Crs during part of the 1st year, not only breaking even in the 1st year itself but also posted a profit of ₹9.43 Crs, a record of sort in Indian corporate world. Out of ₹260 Crs of Capex, the Company had only borrowed ₹2.54 Crs out of ₹100 Crs sanctioned long term project finance from State Bank of Travancore and the balance also were sourced from internal accruals and profit.
- b. BEML Global Service Centre was inaugurated at Nagpur on 14th August, 2010 to coordinate prompt after-sales-service to our domestic as well as overseas customers.
- c. An exclusive manufacturing facility of Aerospace Manufacturing Division for Ground Handling Equipments (GHE) / Ground Support Equipments (GSE) and Aero and Heli parts was inaugurated at Mysore. The Company also took possession of 25 acres of land at SEZ, Devanahalli for establishing Aerospace Manufacturing Division.
- d. The Company developed and launched through in-house R&D new products viz., Standard Gauge Catenary Maintenance Vehicle, Motor Grader and Upgraded many a products by developing and implementing additional features in various existing products to have a competitive edge in the market.
- e. For the first of its kind and unprecedented in the history of PSUs in Independent India, the employee wage revision process was linked to productivity with additional incentive with the cooperation of all workforce and union leaders. The SMH threshold value was increased from 100 SMH to 130 SMH resulting in an increase of 30%. With this, the incremental output far exceeded the total additional cash outflow due to wage revision taking into account the additional SMH generated, thus adding to the bottom line of the Company. Virtually, it was a win-win situation for both management and workforce.
- f. Product Life Cycle Management (PLM) implementation kick off ceremony was held on 11th January 2011. This was in addition to the implementation of Company-wide Enterprise Resource Planning (ERP), Search Engine Marketing (SEM), Customer Relationship Management (CRM) & Business Intelligence Software, thus making BEML go 'e' way.
- g. The Company foraying into Dredger equipment manufacturing business to avail the emerging opportunities and formed a Dredger Equipment Division at Mysore by expanding the scope of existing earthmoving business.

- h. Assets of MAMC Limited (under liquidation) were acquired by Consortium of BEML, CIL and DVC through the Court auction held on 11th June, 2010 and set to commence the commercial production during this financial year 2011-12.
- i. Foundation stone for Major Fabrication Shop was laid on 7th February 2011 at Mysore by Hon'ble Raksha Mantri for scaling up volumes in Dumpers.

After the performance highlights, the Chairman briefed the shareholders about the Business Group-wise performance during 2010-11 & business prospects for the years to come.

While referring to Defence Business Group, it was stated that the Company had posted sales of ₹706 Crs during 2010-11 with a marginal increase of 4% over 2009-10. This business group was expecting a better performance during the current year, as the country's Defence budget had been hiked by almost 12% to ₹1.64 lakh Crs. Most importantly, defence capital acquisition for the current financial year had been hiked to ₹55,000 Crs, while capital expenditure for the period had been raised by about 12% to ₹69,199 Crs, a move that should provide a sizable boost to the ongoing military modernisation programme. Business opportunities were growing as Indian Defence procurement was estimated to raise to ₹1.89 lakh Crs (USD 42 billion) by the year 2015. The Indian Defence Forces were likely to increase their indigenous procurement from the current 30% to 70% being the target set for the next five years. All these would translate into more business to BEML with its concerted efforts to tie-up with foreign collaborators for technology upgradation. Further the Defence procurements as indicated earlier would also result into huge offset business opportunities. The Company was making efforts to maximize the business by tapping these opportunities opened up by Defence Offsets through the Company's Technology Division and Aerospace Manufacturing Division. Towards this endeavor, the Company had been establishing a green field Aerospace project at Aero SEZ near International Airport at Bangalore on fast track basis to seize the opportunities on the emerging Defence and Aero offsets.

The Company was planning to expand its Defence product range including Overhaul of Main Battle Tanks, Manufacture of Tank Power Pack, Tank Spares and Aggregates to meet the long term procurement plan and requirement of MoD through Technology tie-ups and R&D development. The Palakkad Manufacturing Plant was set up mainly for manufacturing Defence products apart from some rail and metro parts / aggregates. With this increased defence production capacity, and with expanding into Aerospace Manufacturing, Defence business of the Company would be able to increase Defence Business volume notably.

As regards Metro and Rail Business Group, it was stated that this group had registered significantly higher sales of ₹1331 Crs in 2010-11 recording an increase of 31% over 2009-10. The Company had an exclusive unit to manufacture Metro Coaches ramping up



the production rate by adopting modern manufacturing techniques keeping in view the steep increase in demand for metro cars. To improve the transport facilities in urban areas, a number of Metros through PPPs model had been planned. In addition to metros, Tier-II cities like Jaipur, Ludhiana and Kochi were also going to have metro network in operation. The Company had almost reached 50% of indigenization of Metro Cars with transfer of technology from Hyundai Rotem and thus every Metro coach would make profit henceforth. During the year, the Company bagged the order for 136 nos. of Intermediate Metro Cars valuing about ₹900 Crs from Delhi Metro, based on the successful execution of the design and development order in the previous year.

Indian Railways had planned a highest ever plan outlay of ₹57,630 Crs during 2011-12. ₹13,820 Crs had been provided for acquisition of rolling stock. To cater to this increased demand, the Company had set up Broad Gauge Coach Manufacturing Unit - II at KGF with a meager ₹19 Crs investment on the leasehold land with renovation and upgradation of dilapidated as closed-repair shop into a state-of-the-art Coach Manufacturing Facility with a capacity of 25 coaches per month and 300 per annum for rolling out rail coaches in addition to the plant at Bangalore to cater to increased order of about 900 coaches from Indian Railways. Further orders had been received for the design and development of Stainless Steel Electrical Multiple Units (SS EMUs). The Company had developed India's first SS EMU and first train-set was ready to be rolled out. The prospects from Indian Railways were better as it had taken up Western and Eastern Dedicated Freight Corridors (DFC) to be completed by the end of the 12th Plan. This would trigger demand for Aluminium Wagons and Stainless Steel Wagon developed by in-house R&D again for the first time in India by BEML. Further, a High Speed Rail link between Delhi-Mumbai and Delhi-Kolkata in the 12th Five Year Plan had also been planned which would throw open future opportunities. These plans would augur well for the internal plans of Rail and Metro business for an exponential growth in the next 2 years.

On Mining & Construction Business Group, it was stated that this group had posted sales of ₹1528 Crs during 2010-11, a drop of 16% compared to 2009-10 sales mainly due to delay in finalization of orders by the customers and slow down in the mining sector. During current year, with the investment in infrastructure in India was expected to increase to 8.37% of the GDP in the final year of the 11th Plan as compared to 7.94% envisaged in 2010-11. Hence, this group was poised to post better results. Further, India was planning to invest nearly ₹45 lakh Crs (US\$1000 billion) to develop infrastructure during the 12th Plan period compared to ₹23 lakh Crs (US\$ 514 billion) during 11th plan period. The Planning Commission was working towards a growth target between 9.0 to 9.5% during the plan period. The Mining sector was expected to improve during the next year due to the emphasis in the 12th plan on infrastructure with large proposed investments over the next several years in Power and Infrastructure sector. The Company was concentrating on this sector by introducing new products including Development of High end Dumpers and 150 Ton Electric BH 190/ 205 Ton (Ele) and BE 1800 (Electric) and BE 2000 Excavators and also upgrading the existing products in line with the expectation of the customers and global trend. Since, required Transfer of

Technology (ToT) from MNCs were not forthcoming, the Company was developing the products indigenously. The dealer network had been further strengthened by addition of dealers during 2010-11, to cater to the needs of construction market. Equipment buy back option was also being offered for contractor segment. The Dredger Manufacturing from Mysore with Transfer of Technology from Multi National Company was also expected to go on stream contributing during the current year itself.

It was stated that to improve the top-line, i.e., sales, the Company was aggressively concentrating on Export markets through its International Business Division, in Mining & Construction segment especially to Countries like Indonesia, Thailand, Middle East, South & West Africa and China. Further, the Company had set up a BEML Global Service Centre at Nagpur to coordinate prompt after-sales-service to the domestic as well as overseas customers. This arrangement had improved BEML's after sales service and customer satisfaction to a notable extent.

The Company had exported equipments and spare parts worth ₹218 Crs in 2010-11, registering a growth of 39% over 2009-10. Major breakthrough was made in equipment supplies valuing more than ₹10 Crs to customers in each country like Indonesia, Thailand, Zimbabwe, Malawi during 2010-11. With this, the Company had successfully supplied mining and construction equipment to more than 58 countries. Further, in order to expand its global reach, the Company planned to tap new / unexplored export markets in countries like Latin America, Australia, China, South & East Africa. Further, Dealers / Sales Representatives had been appointed in selected countries and innovative financial packages had been offered to the customers. With a view to enhance visibility, the Company had participated in various international expos and trade fairs.

'Go local to become global' was the mantra adopted by the Company for export growth. The global reach of the Company had expanded by establishing local companies in Indonesia, Brazil, Malaysia and an office in China with plans to commence manufacturing of equipment in a phased manner.

Technology Division was planned to grow in all four verticals including Aerospace, which had obtained CEMILAC certification for Aerospace design and AS-9001 for manufacturing of Aero and Heli parts. To give a boost to this Division, additional manpower and infrastructure was planned at IT park.

The Company was more in diversified businesses, dynamic, responsive and market oriented for survival and growth in the changing business environment. It had plans to grow in each of its vertical and was also planning to enter into many more allied businesses through technology tie-ups and joint ventures. In the backdrop of such a kind of emerging opportunities the Company had set an ambitious target of ₹4500 Crs to become member of Billionaire Club to achieve excellent MoU rating for the year 2011-12. The current strategic initiatives like Expansion, Diversification, Restructuring, Joint ventures, Acquisition of Technology, HR initiatives etc would certainly ensure the Company to strengthen its foothold in the market and increase market share in the



existing business and provide the necessary impetus for the take off in the Competitive business environment. Core objective was to make the Company, to become ₹5,000 Crs by 2012-13. To achieve this, a CAPEX plan for ₹1100 Crs was planned for implementation during the next 2~3 years. Since, Company was a debt-free Company as on date there was huge scope to avail term loans, if required, for such CAPEX proposals. The Company had further set its eyes on the next milestone of ₹10,000 Crs by 2017-18 through the Corporate Plan II with plans and strategies for further expansion and diversification.

The Company had complied with the guidelines on Corporate Governance prescribed for the Central Public Sector Enterprises. The compliance standards were at excellent levels based on the parameters specified by the Department of Public Enterprises. Further, it was assured that the management would keep up the momentum with such Compliance in future as well.

With the right strategies and plans in place, committed human resources on hand and with the support of suppliers and other stakeholders, the patronage and goodwill of the esteemed customers and especially with continuous and spontaneous backing and encouragement from all sources, and unstinted support and guidance from Ministry of Defence, the targets envisaged and firmed up by the Company would be achieved without much difficulty. BEML would beckon bright and would glitter like gold in Global arena.

The Chairman specially thanked the investors and valued shareholders of BEML including Ministry of Defence (MoD), but for its support the Company would not have been able to go for diversification and continued expansion and exponential growth year after year.

He also thanked the colleague Directors on the Board for their invaluable support and contribution for steering the Company through its chartered path to consistently achieve glorious performance.

He gratefully acknowledged the spontaneous support and encouragement extended by the controlling department, Dept. of Defence Production, MoD.

The Chairman also acknowledged the excellent support and unstinted cooperation of all employees and executives in propelling the Company to scale greater heights through their devoted, dedicated and sincere efforts and services and for consistently delivering encouraging performance.

Further, the Chairman thanked all the bankers, other financial institutions and Company's Statutory and Government Auditors for their continued support, guidance and cooperation.

2. Notice of the meeting

Before proceeding with the business as set out in the notice, with the permission of Members, the notice convening the annual general meeting was taken as read.

3. Auditors' Report

The Chairman stated that the Annual Report including the Auditors' Report had been circulated and was in the hands of the Shareholders for quite some time and with the permission of the members it was also taken as read.

4. Adoption of Directors' Report and Accounts

The Chairman invited discussions on the accounts for adoption and stated that questions relevant to the meeting would alone be replied considering the paucity of time.

- a) Shri K Sadananda Shastry (Client ID No. 30354539), a shareholder congratulated the Chairman for having received the 'Chanakya Award' and also for having been ranked at 77th place in the list of India INC's most powerful CEO's – 2011. He thanked the Chairman for having shifted the venue of the meeting to a central place in the City considering the convenience of members. He also appreciated the austerity measures adopted by the management and yet the neat and apt arrangements made at the meeting hall. He mentioned that at present, BEML was making news everywhere and people were impressed with 'Namma Metro' being launched on 15th September, 2011. He lauded the efforts of the Company for improving the export turnover. He also appreciated the Chairman for having brought out transparency in the figures given from the year 1995 to 2011. He mentioned that the sales-inland had only marginally increased when compared to previous year, whereas the cost of materials had been increased substantially. Though sundry debtors were less compared to previous year, efforts were required to liquidate the same at a faster rate. Regarding corporate social responsibility, he opined that instead of helping the physically handicapped, the Company could take up certain permanent projects initiated by NGOs.

When the shareholder asked about why BEML share price which was earlier went upto ₹1100 per share, whereas at present, the share price was only ₹480, the Chairman stated that this was due to market trend.

- b) Mr. Ashwath Narayana (Folio No. 1132148) mentioned that the appointment of Independent Directors and other functional Directors on the Board who were experts in their relevant fields would definitely strengthen the performance of Board and thereby the performance of the Company. While congratulating the Chairman for his efforts in bringing out recognition for BEML, and also for having received SCOPE award for excellence and outstanding contribution to public sector management, raised the following questions:



1. Referred to Page No.13 of the Annual Report, asked for the reasons for loss of ₹1.60 Crs incurred by the Company's subsidiary, Vignyan Industries Limited.
2. The present status of Company's petition filed in respect of BEML Midwest Limited as it was long pending issue.
3. What was the likely date for commencement of 'Namma Metro'.

Reply:

- 1) It was stated that VIL was taken over as a sick Company at the instance of Government of Karnataka and had been revived and made a viable unit. The Company made a profit of ₹2.05 Crs in 2008-09 and ₹2.92 Crs during the year 2009-10. The Company also started modernizing its foundry to dispense with manual moulding, machinery worth ₹11 Crs was imported from Australia. Presently, the melting capacity was 18 tons per day but moulding capacity was not commensurate with it. The imported machinery enabled machine moulding at 80% level thereby reducing manual moulding to 20%. To start with, it was not stabilized in the first year and there was lesser production and hence incurred loss during last year. Current year, it was doing good and hoping to achieve about 400 tons per month and would also achieve break-even and make profit from next year onwards. Since the off-take of BEML was increasing and also higher profits were expected in the future, a perspective plan was mooted to invest ₹20 Crs in a phased manner to meet future expansion and diversification plans so that turnover could be increased from ₹30 Crs to ₹50 Crs. Also a technical consultant had been appointed to assist in this process.
- 2) In BEML Midwest Limited, the JV partner and the CEO siphoned off about ₹11 crores. The matter had been taken up before the Hon'ble Company Law Board. BEML had invested ₹5.42 crores and had also extended Corporate Guarantee to the Bankers to the extent of ₹19.12 crores. At the Board Meeting of BMWL held on 16.01.2008 necessary authorization was given jointly to CEO and Finance Manager to operate bank account up to a limit of ₹10 lakhs without any prior administrative approval. However, for payments in excess of ₹10 lakhs, prior administrative approval was required to be obtained from the Chairman. The Board decisions/resolutions were fabricated on many occasions by the JV partner and this fact was brought before the Hon'ble Company Law Board. The siphoning of money was also done with the connivance of the Bankers who had accepted extract of different resolutions and the same was brought to the notice of CVO of SBI and investigation was going on. Hon'ble Company Law Board passed interim orders stating that money was taken out not as per the Board decision. Further hearing of the petition was posted for October, 2011 and the Company was likely to get a favourable order.

3) Lastly, about the metro, confirmation was awaited for the launching of 'namma metro' on 15th September, 2011.

- c) Shri G. M. Ghouse Mohiuddin, (Folio No.BE\3002258) a shareholder, read a statement that "in the year 1990-91, when Dr. Manmonhan Singh was the Finance Minister, liberalized the industrial policy, import and export policy, foreign exchange regulations, and economy. At that point of time, a journalist of a leading newspaper, went to a common tax payer to know the reaction on the budget speech of Finance Minister on the liberalization of industrial policy, and he reacted about the economic hemorrhage done by the sick public sector companies for the Indian economy". But, however, this was not applicable to BEML, because, since inception BEML was a powerful Company making profits. The Company was presently a Mini Ratna Company and hoped the Company would become Nava Ratna and Maha Ratna Company in future. He thanked past Chairman and also the present Chairman for having brought this Company to such a high level with the cooperation of the Board of Directors and human resources of the Company. On behalf of himself and on behalf of his colleague shareholders he requested the Chairman to record the statement.

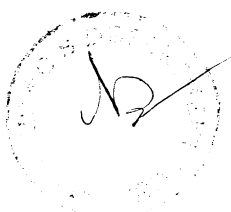
Further, he also raised the question as to the consistent fall in the market price of BEML from Rs.1000-1100 and sought clarification on the same.

Reply:

On the request of Chairman, Shri M. Pitchiah, Director informed that the share price movements would largely depend on the various factors concerning the market. There were many instances where share price was not always dependent on the performance of the Company. And in BEML's case too there were instances in which the share price was falling down when there was rise in sales / performance and vice versa. It was a mere market reaction which was beyond the control of the Company.

Further, the Chairman had supplemented that the market price depends on trading volumes or demand for the scrip in the market and Foreign Institutional Investors (FIIs) strategies. BEML had been consistently growing. It was admitted that there were some problems in the Mining & Construction segment where the top line was not good but bottom line was good and whereas in Rail and Metro, the top line was good and bottom line was weak which was being addressed. Steps had been taken to resolve the problems and the profits were expected to go up which would send a positive signal to the market.

He further stated that the management of the Company was meeting the investors periodically to keep the investors and market informed about the prospects of the Company. The Chairman assured the shareholders that the money invested by them in BEML was safe.



d) Shri K S Periaswamy (Folio No. BES003980) sought reply for his questionnaire sent by e-mail.

Chairman informed that said questionnaire was mainly pertaining either to DPE guidelines or policy decisions of the Board or personnel policies of the Company or day-to-day administrative affairs and not connected with the financial performance of the Company. About Performance Related Payment (PRP), it was informed that the incentive paid was in the range of ₹1276/- to ₹14,77,000/- for the year 2008-09.

As regards a petition filed before the Hon'ble High Court by two employees against their transfer, Shri M. Nellaiappan stated that the said employees were transferred to Rail Coach Unit - II at KGF from Bangalore Complex as experienced personnel were required therein for enhancing the production in that unit. However, they approached the Court and got an order for transfer back to Bangalore Complex. Before the order was given effect to by the Company, they appealed before the said Court with a contempt of court petition complaining that the management had not implemented the Court order. In the meantime the Court order was given effect appropriately and the Court was informed accordingly. With this position, the other aspects of the question had no consequence and relevance.

Regarding Shri. B R S Reddy, it was replied that the accusation was absurd and absolutely false and not related to accounts placed before the meeting. Further, he was a Labour Enforcement Officer as appointed by the Government of India later became Regional Labour Commissioner.

On the other question relating to the assets and liabilities of the Chairman, it was stated that though this question was not relevant but still in the interest of shareholders he mentioned that regarding the assets every officer/employee working in every PSU were required to annually file a return of their assets as at beginning of every calendar year and the required disclosure was already made to the Government. There was no requirement as such to disclose the same to the shareholder at the meeting.

With regard to the disbursement of PRP, it was stated that an amount of ₹14,77,000/- was paid to CMD and the assessment as per procedure done by Secretary and the Minister of the Ministry. With regard to the wage revision, the management had entered into a long term settlement with the unions of employees of the Company, the terms of which were mutually beneficial. The employer employee relationship in the Company was cordial and peaceful. The points regarding annual bonus and payment of arrears, it was stated that they were resolved.

The Chairman stated that this Shareholder was in the habit of making personal attack on the Chairman and other officials of the Company, since he was a dismissed employee for his misconducts while in services of the Company. Moreover he used to regularly file applications under RTI Act. All most all such information sought by him was trivial /

insignificant / inconsequential / petty / frivolous / immaterial / irrelevant / useless information even to him. However, he resorted to this practice mainly for his personal pleasure of making his former employer, that is, BEMML - your Company, working on his applications under RTI Act and with the ulterior motive of disturbing productive time of the executives which would ultimately end up causing notable amount of loss to the Company.

- e) Shri Abhinandan Ashok Kumar Doshi (Client ID 1201090003789500) appreciated the Chairman for his continuous efforts in improving the performance of BEMML. He also mentioned that the annual general meeting as per Companies Act was only concerned with accounts and not for other parameters. This was the time where all the shareholders had to put down their questions relevant to the agenda. The Company has got lot of transparency. He also mentioned that he had been investing in the Company since 2008. If the share price was increased from Rs.380 to Rs.1500 everybody had appreciated and went down everybody started criticizing. An investor always expected returns for what he had invested. As far as performance of the Company was concerned, even though the turnover was marginally increased and the profit was gone down, still the Company had implemented the wage revision and enhanced the salaries of all employees who were also stakeholders of the Company. When a person was taking initiative and given a vision for enhancing the performance of the Company, all the shareholders should support the Company. He felt that it was unfair to discuss on this occasion about the PRP disbursements as the overall pay to the CEO of BEMML which would not even match middle order level executives of companies in private sector under the same industry. Further, he complemented the Chairman for his ability and the tireless efforts put in by him to manage such a diversified multi-locational establishments of the Company.
- f) Shri Veerabhadra Swamy (Folio No. BES950013) pointed out that the Inventory was more than the last year and was to be reduced.

Reply:

It was stated that the management had adopted the following strategies to reduce inventories. Firstly, to keep stock of raw-material and stores items only for 2 months. Secondly, instructions were given to the Quality people not to pass any material which was required after 60 days. Thirdly, raw material should not be in stores for more than 15 days except in the case of Metro, where critical components were required to be imported. Company had taken measures to reduce the inventory in stores and the results could be seen in the current year.

After discussions, the Chairman closed the discussion with the permission of the members.



The Chairman then proposed the following ordinary resolution for adoption which was seconded by Shri Ravin Kulshrestha and others.

“RESOLVED THAT the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended 31st March, 2011 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.

7. Declaration of Dividend

The Chairman stated that the Profit After Tax stood at ₹150 Crs as against ₹223 Crs for the preceding year. In keeping with the commitment made last year and taking note of the performance of the Company for the first quarter of 2011-12 and on being convinced of better performance for the rest of the year, the Board recommended a dividend of ₹10 per share i.e., 100% on the Paid-up Capital of the Company which would amount ₹48.56 Crs including dividend distribution tax.

The dividend of ₹10 per share would be payable to those members whose names appear on the Register of Members as on the date of Book Closure i.e. 25.08.2011 and in respect of shares held in electronic mode to those whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Securities (India) Limited as on that date.

Shri. M. Pitchiah proposed and Shri H. Manjunath, LIC Nominee, and others seconded the following ordinary resolution :

“RESOLVED that a Dividend of ₹10 per share i.e., 100% on the paid-up value of the equity shares of the Company, absorbing ₹48.56 Crs including dividend distribution tax for the year 2010-11 be and is hereby declared out of the profits for the year ended 31st March, 2011 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 Ordinary Resolution was adopted unanimously.

8. Election of Directors retiring by rotation

(a) Re-appointment of Shri M B N Rao, as Director

The Chairman proposed the ordinary resolution and Shri A K Nanda and others seconded it for adoption:

"RESOLVED that Shri M B N Rao be and is hereby re-appointed as Director of the Company."

The ordinary resolution was passed unanimously.

(b) Re-appointment of Shri J. P. Batra, as Director

The Chairman invited a member to propose the ordinary resolution and another to second it for adoption :

Shri M. Pitchiah proposed and Shri P Murugesan and others seconded the following ordinary resolution :

"RESOLVED that Shri J P Batra be and is hereby re-appointed as Director of the Company."

The ordinary resolution was passed unanimously.

(c) Re-appointment of Shri V.RS. Natarajan, as Director

The Chairman stated that, since the next item of business related to his election to the Board, he requested Shri M. Pitchiah, Director (Finance) to Chair the meeting and conduct the proceedings. Shri M. Pitchiah took the Chair.

Shri. M. Pitchiah proposed and Shri K. Sadananda Shastry and others seconded the following ordinary resolution :

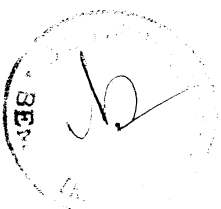
"RESOLVED that Shri V.RS. Natarajan, be and is hereby re-appointed as Director, who is the Chairman and Managing Director of the company."

The ordinary resolution was passed unanimously.

Since the subsequent items of businesses were not concerning the Chairman personally, Shri M. Pitchiah requested Shri V.RS. Natarajan, CMD to chair the meeting and continue the further businesses of the meeting. Shri V.RS. Natarajan took the chair.

9. Fixation of remuneration of Statutory Auditors for the year 2011-12

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 2011-12 was awaited. 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 2011-12 to the Board of Directors.



Accordingly, the Chairman proposed and Shri Abhinandan Ashok Kumar Doshi and others seconded the following ordinary resolution :

“RESOLVED that pursuant to the provisions of Section 224(8)(aa) 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 2011-12.”

The above ordinary resolution was passed unanimously.

10. Special Business

i) Appointment of Directors

The Chairman stated that the President in exercise of the powers vested under Articles of Association of the Company appointed

- Smt. Rashmi Verma, IAS, Joint Secretary (Land Systems), Department of Defence Production, Ministry of Defence as Government Director;
- Dr. (Smt.) Rekha Bhargava, IAS (Retd.), Former Secretary to the Government of India, Lt. Gen. (Retd.) Noble Thamburaj, Former Vice Chief of Army Staff, Shri Kanwal Nath, Former Deputy C&AG, Shri Ramesh Bhat, Professor, IIM(Ahmedabad), and Prof. S. Sadagopan, Director, IIIT, Bangalore, as Independent Directors of the Company,

with effect from 09.11.2010.

The President had also appointed Dr. S.C. Pandey, Additional Financial Adviser & Joint Secretary, Department of Defence Production, Ministry of Defence, as Government Director on the Board with effect from 07.06.2011. Further, the President had appointed Shri C.N. Durgesh as Director (Mining & Construction Business) with effect from 18.03.2011 and Shri P R Naik as Director (Defence Business) with effect from 01.07.2011.

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

The consent of the shareholders was sought for their appointment as Directors.

(a) Appointment of Smt. Rashmi Verma, as Director

The Chairman proposed and Shri V. Ramakrishnappa and others seconded the following ordinary resolution :

"RESOLVED that Smt. Rashmi Verma, be and is hereby appointed as Director of the Company with effect from 9th November, 2010 on the terms and conditions as stipulated by the Government."

The ordinary resolution was passed unanimously.

(b) Appointment of Dr. (Smt.) Rekha Bhargava, as Director

The Chairman invited a member to propose the ordinary resolution and another to second it for adoption :

Shri M. Pitchiah proposed and Shri Veerabhadra Swamy and others seconded the following ordinary resolution :

"RESOLVED that Dr. (Smt.) Rekha Bhargava, be and is hereby appointed as Director of the Company with effect from 9th November, 2010 on the terms and conditions as stipulated by the Government."

The ordinary resolution was passed unanimously.

(c) Appointment of Lt. Gen. (Retd.) Noble Thamburaj, as Director

The Chairman proposed and Shri P. Ashwath Narayana and others seconded the following ordinary resolution:

"RESOLVED that Lt. Gen. (Retd.) Noble Thamburaj, be and is hereby appointed as Director of the Company with effect from 9th November, 2010 on the terms and conditions as stipulated by the Government."

The ordinary resolution was passed unanimously.

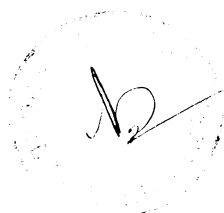
(d) Appointment of Shri Kanwal Nath, as Director

The Chairman invited a member to propose the ordinary resolution and another to second it for adoption :

Shri M. Pitchiah proposed and Shri Shri H. Manjunath, LIC Nominee, and others seconded the following ordinary resolution :

"RESOLVED that Shri Kanwal Nath, be and is hereby appointed as Director of the Company with effect from 9th November, 2010 on the terms and conditions as stipulated by the Government."

The ordinary resolution was passed unanimously.



(e) Appointment of Shri Ramesh Bhat, as Director

The Chairman proposed and Shri A K Nanda and others seconded the following ordinary resolution :

“RESOLVED that Shri Ramesh Bhat, be and is hereby appointed as Director of the Company with effect from 9th November, 2010 on the terms and conditions as stipulated by the Government.”

The ordinary resolution was passed unanimously.

(f) Appointment of Prof. S. Sadagopan, as Director

The Chairman invited a member to propose the ordinary resolution and another to second it for adoption :

Shri M. Pitchiah proposed and Shri P P Ravi Kumar and others seconded the following ordinary resolution :

“RESOLVED that Prof. S. Sadagopan, be and is hereby appointed as Director of the Company with effect from 9th November, 2010 on the terms and conditions as stipulated by the Government.”

The ordinary resolution was passed unanimously.

(g) Appointment of Shri C.N. Durgesh, as Director (Mining & Construction Business)

The Chairman proposed and Shri P Murugesan and others seconded the following ordinary resolution :

“RESOLVED that Shri C.N. Durgesh, be and is hereby appointed as Director (Mining & Construction Business) of the Company with effect from 18th March, 2011 on the terms and conditions as stipulated by the Government.”

The ordinary resolution was passed unanimously.

(h) Appointment of Dr. S. C. Pandey, as Director

The Chairman proposed and Shri Veerabhadra Swamy and others seconded the following ordinary resolution :

"RESOLVED that Dr. S.C. Pandey, be and is hereby appointed as Director of the Company with effect from 7th June, 2011 on the terms and conditions as stipulated by the Government."

The ordinary resolution was passed unanimously.

(i) Appointment of Shri P. R. Naik, as Director (Defence Business)

The Chairman invited a member to propose the ordinary resolution and another to second it for adoption :

Shri M. Pitchiah proposed and Shri P. Ashwath Narayana and others seconded the following ordinary resolution :

"RESOLVED that Shri P.R. Naik, be and is hereby appointed as Director (Defence Business) of the Company with effect from 1st July, 2011 on the terms and conditions as stipulated by the Government.'

The ordinary resolution was passed unanimously.

VOTE OF THANKS

While proposing vote of thanks on the occasion, Shri. P. Dwarakanath, Director (Metro & Rail Business) thanked the Shareholders 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 Shareholders. He thanked Shri Ravin Kulshrestha, the Representative of the President of India, the largest Shareholder 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.

Last and most importantly, he placed on record the members' appreciation to the Chair.

Shri K. Sadananda Shastry and other seconded the proposal.

The Chairman declared the meeting closed.



(V R S Natarajan)
Chairman & Managing Director