



भारत हेवी इलेक्ट्रिकल्स लिमिटेड

Bharat Heavy Electricals Limited

FROM: I.P.SINGH, COMPANY SECRETARY,
BHEL, SIRI FORT, NEW DELHI – 110 049

TO:

1. THE DGM, CORP. RELATIONSHIP DEPTT.
BOMBAY STOCK EXCHANGE LTD., MUMBAI
(Through BSE Listing Centre)
2. THE MANAGER – LISTING
NATIONAL STOCK EXCHANGE OF INDIA LTD., MUMBAI
(Through NEAPS)

SUB: OUTCOME OF EXTRAORDINARY GENERAL MEETING
HELD ON 27.06.2013

This is to inform that the shareholders of the Company in the Extraordinary General Meeting held on 27th June, 2013, by special resolution, approved the Modified Draft Rehabilitation Scheme incorporating Amalgamation between Bharat Heavy Plate and Vessels Limited, the wholly owned subsidiary of Bharat Heavy Electricals Limited (BHEL) and BHEL, subject to the approval of the Board for Industrial and Financial Reconstruction (BIFR) or any other appropriate authorities.

Details regarding the voting results (as per format prescribed under clause 35A of the Listing Agreement) and a copy of the Chairman's Speech delivered in the said Meeting is enclosed for your information and record.

Regards,

No. AA/SCY/EGM/13
Dt. 27.06.2013


(I.P. SINGH)
COMPANY SECRETARY

Encl : a/a

DISCLOSURE UNDER CLAUSE 35A OF THE LISTING AGREEMENT

In terms of Clause 35A of the Listing Agreement, we furnish below the details regarding voting results as under:

Date of Extraordinary General Meeting	27 th June, 2013
Total Number of Shareholders	4,38,785
No. of Shareholders present in the meeting either in person or through proxy:	
Promoters and Promoter Group:	One (President of India through Shri A.K. Agrawal, Under Secretary – DHI)
Public:	5671
No. of Shareholders attended the meeting through Video Conferencing.	Nil

Sl. No.	Details of the Agenda	Ordinary/ Special Resolution	Mode of voting	Result
SPECIAL BUSINESS:				
1.	To approve the Modified Draft Rehabilitation Scheme (MDRS)	Special Resolution	Voting by show of hands	Passed Unanimously

In case of Poll/Postal ballot/E-voting: **NOT APPLICABLE**

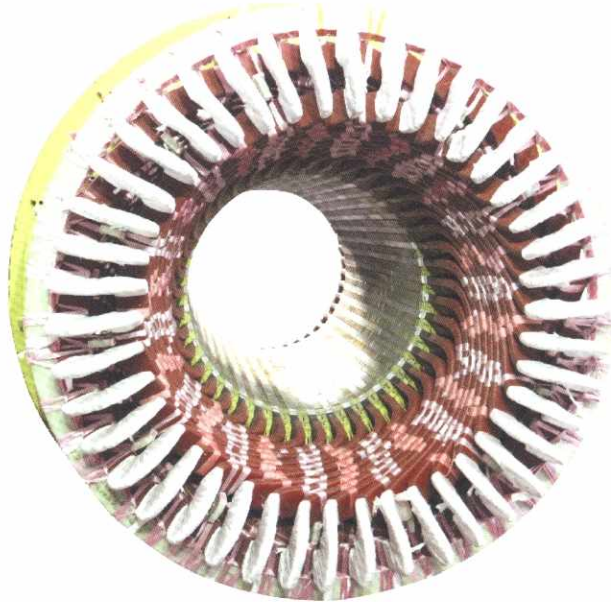
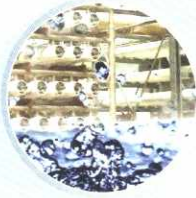
Promoter /Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group							
Public – Institutional holders							
Public- Others							
Total							

For Bharat Heavy Electricals Limited,


 (I.P. Singh)
 Company Secretary



A Maharatna Company



Sustaining Leadership...

Engineering New Growth Avenues

27th June, 2013

Speech by

Shri B. Prasada Rao

Chairman & Managing Director, BHEL

**Extra Ordinary General Meeting (EGM)
of Members of BHEL**

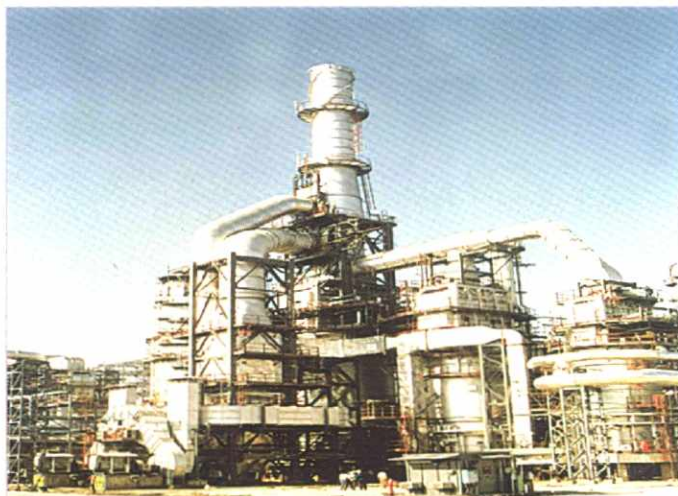
Dear Members,

On behalf of the Board of Directors & employees of BHEL, I have great pleasure in welcoming you to this Extra Ordinary 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 ₹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.



Fired Heater Package supplied to IOCL-Panipat

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 ₹9000 crore in the next 5 years for industrial boilers upto 500 TPH and BHEL would take a major share of this business.



Evaporator for Desalination plant supplied to BAPCO-Bahrain by BHPV

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.

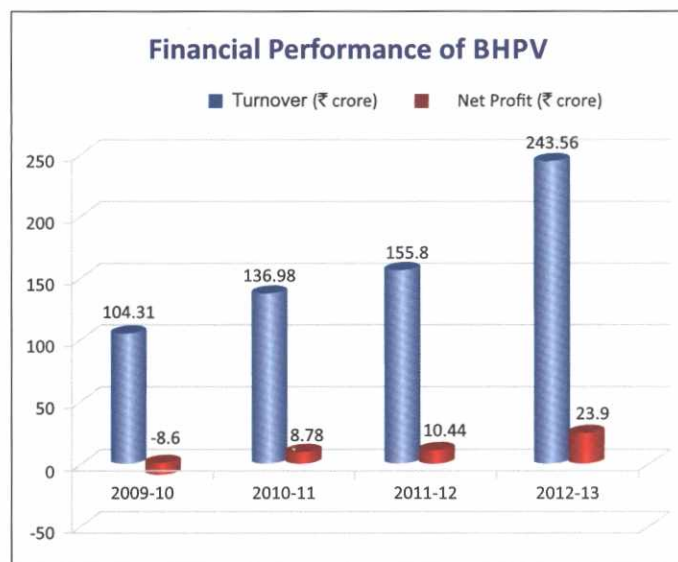
BHPV has also been identified as a manufacturer of Compact Heat Exchangers for the Light Combat Aircraft 'Tejas' meeting all technical requirements mandated by the relevant Military Standards.

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 ₹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 Koniambo 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.



Note: 2012-13 figures subject to audit.

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.



560 MT and 90m Long Vacuum Column supplied by BHPV being transported by barge

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 ₹230 crore to provide the technological edge. We are confident that this merger will contribute to the enhancement of stakeholder value.



Boiler Drum Weighing 65 MT supplied to IOCL-Paradip, Odisha

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.

New Delhi
27th June, 2013



B. Prasada Rao
Chairman & Managing Director