भारत हेवी इलेक्ट्रिकल्स लिमिटेड
Bharat Heavy Electricals Limited

No. AA/SCY/Buyback

Date: 29th October, 2018

BSE Limited
P.J. Towers, Dalal Street Fort,
MUMBAI – 400001

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex, Bandra (East)
MUMBAI – 400051

Dear Sirs,

Sub: Board resolution for Buy Back of shares

Pursuant to Regulation 5(vii) of the SEBI (Buy-Back of Securities) Regulations, 2018, please find enclosed certified true copy of the resolutions passed by the Board of Directors of BHEL in their Meeting held on 25th October, 2018 for Buy Back of Equity Shares of the Company.

Thanking you,

Yours faithfully,

(I.P. Singh)
Company Secretary
shareholderquery@bhel.in

Encl: As above

भारत हेवी इलेक्ट्रिकल्स लिमिटेड

Bharat Heavy Electricals Limited

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE 501st MEETING OF THE BOARD HELD ON THURSDAY, OCTOBER 25, 2018

ITEM No. 501-AOM 3: Implementation of DIPAM guidelines w.r.t. buy back of shares of BHEL

"**RESOLVED THAT** pursuant to the provisions of Article 5A of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Companies Act"), the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules") and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (the "Buyback Regulations"), including any amendments, statutory modifications or re-enactment to each of the foregoing, for the time being in force and subject to such other approvals, permissions and sanctions of the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, National Capital Region of Delhi and Haryana (the "ROC") and/ or other authorities, institutions or bodies (collectively referred to as the "Appropriate Authorities"), as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Appropriate Authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board" which expression shall include any committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), the Board hereby approves the buy back by the Company of its fully paid-up equity shares of face value of ₹ 2 each not exceeding 18,93,36,645 (Eighteen Crore Ninety Three Lakh Thirty Six Thousand Six Hundred and Forty Five) equity shares (representing 5.16% of the total number of equity shares in the paid-up share capital of the Company) at a price of ₹ 86.00 (Rupees Eighty Six only) per equity share (the "Buy Back Offer Price") payable in cash for an aggregate consideration not exceeding ` 1628,29,51,470 (Rupees One Thousand Six Hundred and Twenty Eight Crore Twenty Nine Lakh Fifty One Thousand Four Hundred and Seventy only) (the "Buyback Offer Size") representing upto 5% of both the standalone and consolidated paid- up share capital and free reserves (including securities premium account) as per the audited Financial Statements of the Company for the financial year ended March 31, 2018, (being less than 10% of the aggregate of the fully paid-up equity share capital and free reserves (including securities premium account), from the equity shareholders of the Company, as on the record date determined by the Board, on a proportionate basis through the "Tender Offer" route as prescribed under the Buyback Regulations (hereinafter referred to as the "Buyback")."

"**RESOLVED FURTHER THAT** the consent of the Board is hereby accorded for fixing **6th November 2018** as the record date (the "Record Date") for the purpose of determining the entitlement and the names of the shareholders, who are eligible to participate in the Buyback."

"**RESOLVED FURTHER THAT** the Buyback Size does not include any expenses incurred or to be incurred for the Buyback like filing fees payable to the SEBI, brokerage, applicable taxes (such as securities transaction tax, stamp duty and goods and service tax), advisor's fees, public announcement publication expenses, printing and dispatch expenses and other incidental and related expenses."

"**RESOLVED FURTHER THAT** the Company, to the extent legally permissible, implement the Buyback using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, and notice issued by BSE bearing number 20170202-34 dated February 2, 2017, each as may be amended from time to time."

"**RESOLVED FURTHER THAT** such Buyback may be made out of the free reserves and/or the securities premium account of the Company/ or such other sources as may be permitted by the Buyback Regulations or the Companies Act through "Tender Offer" route, and as required by the Buyback Regulations and the Companies Act, the Company may buyback equity shares from all the existing members holding equity shares of the Company on a proportionate basis, provided 15% (fifteen percent) of the number of equity shares which the Company proposes to Buyback or number of equity shares entitled as per the shareholding of small shareholders as on the Record Date, whichever is higher, shall be reserved for the small shareholders, as defined in the Buyback Regulations."

"**RESOLVED FURTHER THAT** all the existing members holding equity shares of the Company as on the Record Date shall be eligible to participate in the Buyback."

"**RESOLVED FURTHER THAT** the Company has complied and shall continue to comply with Section 70 of the Companies Act which requires that:

a) The Company shall not directly or indirectly purchase its own shares:
    i. through any subsidiary company including its own subsidiary companies; or
    ii. through any investment company or group of investment companies.
b) There are no defaults subsisting in the repayment of deposits or interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company, in the last three years.
c) The Company is in compliance with the provisions of Sections 92, 123, 127 and 129 of the Companies Act.

"**RESOLVED FURTHER THAT** the Board hereby confirms that:

a) all equity shares of the Company are fully paid up;
b) the Company has not undertaken a buyback of any of its securities during the period of one year immediately preceding the date of this Board meeting;

c) the Company shall not issue and allot any equity shares or other specified securities including by way of bonus, till the date of expiry of the buyback period, as defined in the Buyback Regulations;

d) the Company, as per the provisions of Section 68(8) of the Companies Act, 2013, shall not make a further issue of the same kind of shares or other securities including allotment of new shares under clause (a) of sub-section (1) of Section 62 or other specified securities within a period of six months from the date of completion of this Buyback except by way of a bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock option schemes (including stock appreciation rights schemes), sweat equity or conversion of preference shares or debentures into equity shares;

e) the Company, as per provisions of Regulation 24(i)(f) of the Buyback Regulations, shall not raise further capital for a period of one year from the expiry of the buyback period, as defined in the Buyback Regulations, except in discharge of its subsisting obligations;

f) the Company shall not buy back its equity shares from any person through negotiated deal whether on or off the stock exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback;

g) there are no defaults subsisting in the repayment of deposits or interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company;

h) that the aggregate consideration for the Buyback not exceeding ₹ 1628,29,51,470 (Rupees One Thousand Six Hundred and Twenty Eight Crore Twenty Nine Lakh Fifty One Thousand Four Hundred and Seventy only), does not exceed 10% of the aggregate of the fully paid-up equity share capital and free reserves as per the latest standalone and consolidated audited accounts of the Company for the financial year ended March 31, 2018 (the last audited financial statements available as on the date of the Board meeting);

i) that the maximum number of equity shares proposed to be purchased under the Buyback i.e. 18,93,36,645 (Eighteen Crore Ninety Three Lakh Thirty Six Thousand Six Hundred and Forty Five) equity shares, does not exceed 25% of the total number of equity shares in the paid-up share capital of the Company, as per the latest audited accounts for the financial year ended March 31, 2018;

j) the Company shall not make any offer of buyback within a period of one year reckoned from the date of the buyback period, as defined in the Buyback Regulations;

k) the Company shall not Buyback its equity shares so as to delist its equity shares from the stock exchanges;

l) the Company shall not allow Buyback of its equity shares unless the consequent reduction of its share capital is effected;

m) the ratio of the aggregate of secured and unsecured debts owed by the Company after the Buyback shall not be more than twice the paid-up capital and free reserves of the Company as prescribed under the Companies Act and rules made thereunder;

n) there is no pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Companies Act, as on date;

o) the Company shall not use borrowed funds, directly or indirectly, whether secured or unsecured, of any form and nature, from banks and/ or financial institutions for paying the consideration to the equity shareholders who have tendered their equity shares in the Buyback; and

p) the Company shall not Buyback the locked-in equity shares or other specified securities, if any and non-transferable equity shares or other specified securities, if any, till the pendency of the lock-in or till the equity shares or other specified securities become transferable."

"**RESOLVED FURTHER THAT** the Board of Directors confirms that it has made a full enquiry into the affairs and prospects of the Company and that based on such full inquiry conducted into the affairs and prospects of the Company, the Board of Directors has formed an opinion that:

a) immediately following the date of the Board meeting held on 25th October 2018 approving the Buyback, there will be no grounds on which the Company could be found unable to pay its debts;

b) as regards the Company's prospects for the year immediately following the date of the Board meeting held on 25th October 2018, and having regard to the Board's intention with respect to the management of Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Board meeting approving the Buyback; and

c) in forming an opinion as aforesaid, the Board has taken into account the liabilities as if the Company was being wound up under the provisions of the Companies Act or the Insolvency and Bankruptcy Code, 2016 (including prospective and contingent liabilities)."

"**RESOLVED FURTHER THAT** the proposed Buyback be implemented from the existing shareholders including the Promoter of the Company as have been disclosed under the shareholding pattern filings made by the Company from time to time under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011 ("SEBI Takeover Regulations") as the Board may consider appropriate, from its free reserves and/or share premium account and/or surplus and/or cash balances and/ or internal accruals of the Company and/or such other sources or by such mechanisms as may be permitted by applicable law, and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit."

"**RESOLVED FURTHER THAT** in terms of Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations") the Company shall comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by SEBI from time to time"

"**RESOLVED FURTHER THAT** the draft of the Declaration of Solvency prepared in the prescribed form and supporting affidavit, and other documents, placed before the meeting be and is hereby approved and that Shri Atul Sobti, Chairman and Managing Director and Shri Subodh Gupta, Director (Finance) be and are hereby authorized to finalise and sign the same, for and on behalf of the Board, and Shri I P Singh, Company Secretary or Shri Rajeev Kalra, Dy Company Secretary be and is hereby authorised to file the same with the ROC and the SEBI in accordance with the applicable law."

"**RESOLVED FURTHER THAT** the Buyback from shareholders who are persons resident outside India including the Foreign Institutional Investors, Foreign Portfolio Investors, Overseas Corporate Bodies, and shareholders of foreign nationality, if any, shall be subject to such approvals, if and to the extent necessary or required from concerned authorities including approvals from Reserve Bank of India (the "RBI") under Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any."

"**RESOLVED FURTHER THAT** no information/ material likely to have a bearing on the decision of the investors has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to mis-statement/ misrepresentation, the Board and the Company shall be liable for penalty in terms of the provisions of the Companies Act and the Buyback Regulations."

"**RESOLVED FURTHER THAT** for the purpose of coordinating with the Securities and Exchange Board of India ("SEBI") in terms of the circular bearing number CIR/ CFD/POLICYCELL/1/2015 dated April 13, 2015 read with circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, as may be amended from time to time issued by SEBI, approval of the Board be and is hereby accorded to appoint **BSE Limited** as the Designated Stock Exchange for the proposed Buyback of the equity shares."

"**RESOLVED FURTHER THAT** the buyback is being proposed in keeping with the Company's desire to enhance overall shareholders value and the buyback would lead to reduction in total number of equity shares."

"**RESOLVED FURTHER THAT** nothing contained herein shall confer any right on any shareholder to offer and/ or any obligation on the Company or the Board or the Buyback Committee to buyback any shares and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such buyback, if so permissible by applicable law."

"**RESOLVED FURTHER THAT** the Company do maintain a register of securities bought back wherein details of equity shares bought back, consideration paid for the equity shares bought back, date of cancellation of equity shares and date of extinguishing and physically destroying of equity shares and such other particulars as may be prescribed, shall be entered and that the Company Secretary of the Company be and is hereby authorised to authenticate the entries made in the said register."

"**RESOLVED FURTHER THAT** the approval of Board be and is hereby accorded for appointment of following intermediaries for the Buyback offer: -

a. SBI Capital Markets Limited as the Managers to the Offer (including scope of Legal Counsel through M/s Dhir & Dhir Associates, RTA & Printers through M/s Karvy Computershare Pvt Ltd, Escrow Demat Account Services and Broker) at such fee and other terms & conditions as mutually agreed with them.

b. M/s Bhatia & Bhatia, M/s Tiwari & Associates and M/s Mahesh C. Solanki & Co, Chartered Accountants who are the Statutory Auditors of the Company to carry out the Audit / Certification work at such fee and other terms & conditions as mutually agreed with them.

"**RESOLVED FURTHER THAT** a Board level committee comprising of, Director (HR) -Chairperson, Director (E, R&D)-Member and Director (Finance)-Member be and is hereby constituted and the powers of the Board in respect of the Buyback be delegated to the committee (the "Buyback Committee") and that Company Secretary/ Dy. Company Secretary shall act as the Secretary to the Buyback Committee. Further, the Buyback Committee is hereby authorized, to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper, as the Buyback Committee may consider to be in the best interests of the shareholders for the implementation of the Buyback, including but not limited to, the following:

a. the initiation of all necessary actions for preparation and issue of public announcement, draft letter of offer, letter of offer and related documents;

b. earmarking and making arrangements for adequate sources of funds for the purposes of the Buyback;

c. the finalization, signing and filing of the public announcement, draft letter of offer, letter of offer and related documents and also the certificates for declaration of solvency and other filings with SEBI, ROC, the stock exchanges and other Appropriate Authorities, if any;

d. the finalization of the terms of Buyback like entitlement ratio, the schedule of activities for Buyback including finalizing the date of opening and closing of Buyback, the timeframe for completion of the Buyback;

e. the finalization and entering into escrow arrangements as may be required in terms of the Buyback Regulations;

f. the opening, operation and closure of all necessary accounts, including bank accounts, depository accounts (including escrow account) for the purpose of payment and authorizing persons to operate the said accounts;

g. making all applications to the Appropriate Authority for their requisite approvals including approvals as may be required from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any and approvals as may be required from the United States Securities and Exchange Commission ("SEC");

h. to give information, explanation, declaration and confirmations in relation the Buyback, as may be required by the relevant authorities including SEBI and the SEC;
i. extinguishment of dematerialized shares and physical destruction of share certificates and filing of certificate of extinguishment required to be filed in connection with the Buyback on behalf of the Company and/ or the Board, as required under applicable law;
j. use and/ or affix the Common Seal of the Company on relevant documents required to be executed for the buyback of shares in accordance with the provisions of the Articles of Association of the Company;
k. obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law, and to address queries as may arise in relation to the implementation of the Buyback;
l. dealing with stock exchanges (including their clearing corporations), where the equity shares of the Company are listed, and to sign, execute, and deliver such documents as may be necessary or desirable in connection with implementing the Buyback using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, as may be amended from time to time;
m. give such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise in relation to the Buyback;
n. settle and resolve any queries or difficulties raised by SEBI, stock exchanges, ROC and any other authorities whatsoever in connection to any matter incidental to and ancillary to the Buyback;
o. appoint any intermediaries / agencies / persons as may be required for the purposes of the Buyback and decide and settle the remuneration for all such intermediaries/ agencies/ persons, including by the payment of commission, brokerage, fee, charges etc. and enter into agreements/ letters in respect thereof; and
p. sign, execute and deliver such other documents, deeds and writings as may be necessary or desirable in connection with or incidental to the Buyback and to do all such acts, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper, to be in the best interest of the shareholders for the implementation of the Buyback, and to initiate all necessary actions for preparation and issue of various certificates/ documents and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the intermediary(ies), SEBI, RBI, ROC, stock exchanges, depositories, SEC and/or other Appropriate Authorities."

"**RESOLVED FURTHER THAT** the quorum for any meeting of the Buyback Committee for implementing the Buyback shall be presence of any two members and the Buyback Committee may regulate its own proceedings and meet as often as required, to discharge its functions."

"**RESOLVED FURTHER THAT** the Buyback Committee shall have the power and authority to delegate all or any of the authorities conferred upon it to any Director/ officer(s) and/ or representatives of the Company, in order to give effect to the aforesaid resolutions and to revoke and substitute such delegations/ sub-delegation of authority from time to time."

"**RESOLVED FURTHER THAT** for the purposes of giving effect to this Resolution, the Buyback Committee be and is hereby authorized to accept and make any alterations, modifications to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any question, difficulties or doubts that may arise and generally to do all such acts, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper, in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval whatsoever."

"**RESOLVED FURTHER THAT** in terms of Regulation 24(iii) of the Buyback Regulations, Shri Rajeev Kalra, Dy. Company Secretary, be and is hereby appointed as the Compliance Officer for the Buyback."

"**RESOLVED FURTHER THAT** any of the Directors of the Company and /or the Company Secretary or the Dy Company Secretary for the time being, be and are hereby authorized severally to sign, execute and submit such applications, undertakings, agreements and other requisite documents, writings and deeds as may deem necessary for the Buyback Offer, including without limitation to file/ share necessary e-forms/ forms/ certificates with the intermediaries appointment by the Board, ROC, SEBI, RBI, the stock exchanges, SEC and other Appropriate Authorities and to do all such acts, deeds and things as may be necessary to give effect to the above resolutions."

"**RESOLVED FURTHER THAT** any of the Directors of the Company and /or the Company Secretary for the time being, be and are hereby authorized severally to make necessary communications with the Promoters of the Company, as may be required in connection with the Buyback."

(I P Singh)
Company Secretary
ACS - 10546
companysecretary@bhel.in

Dated: 25.10.2018
Place: New Delhi

इन्द्रपाल सिंह / Inder Pal Singh
कम्पनी सचिव / Company Secretary
भारत हेवी इलेक्ट्रिकल्स लिमिटेड / Bharat Heavy Electrical Limited
बी.एच.ई.एल. हाउस, सीरी फोर्ट, नई दिल्ली - 110049
BHEL House, Siri Fort, New Delhi-110049