BEML LIMITED

BANGALORE

ANNUAL REPORT 2012-2013

SCHEDULE OF ANNUAL GENERAL MEETING:		
13.09.2013 (Friday)	**10.00 HOURS**	**API BHAVANA** **# 16/F, MILLERS TANK BED AREA** **VASANTHANAGAR** **BANGALORE – 560052**

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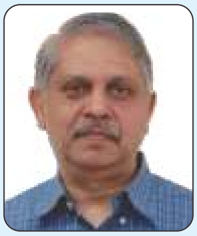
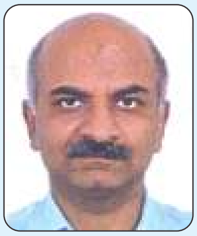
BOARD OF DIRECTORS*

P Dwarakanath
Chairman & Managing Director



Shri P K Mishra
Part-time Government Director
Joint Secretary (Electronic Systems)
Dept. of Defence Production, Ministry of Defence



Shri Rajnish Kumar
Part-time Government Director
Addl. Financial Adviser & Joint Secretary
Dept. of Defence Production, Ministry of Defence

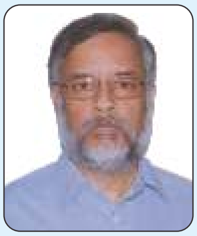
Dr. (Smt.) Rekha Bhargava
Director

Lt. Gen. (Retd.) Noble Thamburaj, Director

Shri Kanwal Nath
Director

Prof. Ramesh Bhat
Director

Prof. S Sadagopan
Director



Shri C Balakrishnan
Director

Shri N P Gupta
Director

Shri Suhas Anand Bhat
Director

Shri M Pitchiah
Director (Finance)

Shri C N Durgesh
Director (Mining & Construction)

Shri P R Naik
Director (Defence)

Shri D K Hota
Director (HR)

*As on 07.08.2013

Chairman's Letter...

Dear Shareholders,

I would like to share my views with you on the performance our Company for the year 2012-13 through this letter. The Annual Report brings you the audited accounts and other related documents for the year 2012-13 for your consideration and adoption at the ensuing Annual General Meeting.

The assessment of the Company's performance for the Financial Year ended 31.03.2013 has been made. The challenges thrown by global and domestic economic conditions are being countered effectively. Your Company achieved the gross sales of ₹3290 Crs as compared to ₹3648 Crs during the previous year. However, the silver-lining is that your Company has recorded a net sales (net of consortium supplies and excise duty) of ₹2809 Crs as against ₹2726 Crs achieved during the previous year. Despite the prevailing recession in the global economy and the unprecedented business environment and conditions prevailed in the capital goods sector, your Company registered a marginal growth of 3.02 % in net sales during the year.

Globally there has been a down trend in mining activities during last year. The domestic front has also witnessed sluggishness in mining as well as in construction sectors. Further there has been acute pressure on margins due to global players dumping their products and undercutting the prices for whatever the little market our country could offer. Facing all these odds, Mining and Construction business of our Company was able to register a turnover of ₹1526 Crs (previous year ₹1803 Crs). However, the International Business Division had done better by exporting Mining and Construction products to the tune of ₹198 Crs, predominantly to developing markets in Africa and Middle East thus registering a growth of 37.5% over the previous year performance of ₹144 Crs.

The performance of Defence Business has not been on the expected level since its turnover this year is only ₹347 Crs as against previous year's turnover ₹455 Crs. This is mainly due to non-availability of components and parts consequent to the extra ordinary situation the Company is facing in this line of business. All possible steps are being taken to improve the performance of Defence Business segment of the Company including tapping the potentials for supplying Mining and Construction equipments to defence forces apart from exploring other /new business opportunities.

Railway and Metro business has achieved a growth of 81 % by achieving a turnover (net of consortium sale) of ₹1097 Crs as against ₹607 Crs during the previous year. Your Company has major orders on hand for SS EMUs, AC EMUs and Rail Coaches for execution during 2013-14 which augurs well for the performance during current year.

The efforts and contributions of the R&D Divisions during the year are quite commendable. The first 150T Electric Drive Rear Dump Truck and 180T Electric Excavator were rolled out during the year. It is a matter of pride that these equipments were indigenously designed, developed and manufactured to meet the growing demands in the Mining & Construction segment. Similarly, the Stainless Steel EMU and Intermediate Cars for Metro Trains, which were fruits of our R&D efforts, have bagged good orders both from Indian Railways and DMRCL respectively.

We have started current financial year with a healthy order book of ₹5993 cores and we have set ourselves a sales target of ₹4150 crores for the year 2013-14. While we already have orders on hand for ₹2400 crores, for execution during the current year, our Marketing set up is working in a focussed fashion for securing the balance ₹1950 crores orders well in time to achieve our set targets.

You are aware, there is aggressive & fierce competition for most of our products, not only in terms of quality & cost but also in offering the equipment with better and advanced technological features. To sustain & improve our market share in domestic market & also to establish & expand our presence globally, there is an urgent need to drastically improve the quality & reliability of all our products & services and cut down the costs. To achieve these objectives, Management have identified the following strategies & action plans :

- The Company has declared the year 2013-14 as "Year of Quality" - "*Quality Control to Quality Assurance*"
- Bench marks have been set to produce and service equipment in line with global standards in respect of Technology, Customer Satisfaction, Quality, etc.
- Road map for R&D has been drawn for up gradation of the existing products, increased indigenisation of all products & introduction of new products / aggregates to enhance business.
- Cost control measures have been stepped up to reduced fixed & material costs.

Your Company takes pride in constantly adopting and maintaining the highest standards of values and principles. A detailed report on compliance of the guidelines on corporate governance under the listing agreement entered into with the stock exchanges and the guidelines issued by the Dept. of Public Enterprises for CPSEs form part of the Directors' Report.

I would like to thank my fellow directors on the board for their invaluable guidance and support rendered by them. I wish to thank investors and shareholders of the Company especially Government of India, the investor holding majority shares, for the opportunity provided to serve the Company better. I gratefully acknowledge the support and encouragement extended by our Administrative Ministry, that is, Ministry of Defence and in particular Department of Defence Production in steering the Company.

I also wish to express my sincere gratitude to all officers and employees of the Company for their dedication and commitment. The inherent strength of your Company has always been raising upto the occasion and facing the challenges. It shall be our continuous endeavour to build on these strengths to face future challenges to continue the journey of success.

With warm regards,

Sd/-

(P Dwarakanath)

Chairman & Managing Director

Corporate Vision, Mission and Objectives

A) Vision

Become a market leader, as a diversified Company, supplying quality products and services to sectors such as Mining & Construction, Rail & Metro, Defence and Aerospace and to emerge as a prominent international player.

B) Mission

- Improve competitiveness through collaboration, strategic alliances and joint ventures.
- Grow profitably by aggressively pursuing business and market opportunities in domestic and international markets.
- Adoption of state-of-the-art technologies and bring in new products through Transfer of Technology and in-house R&D efforts.
- Continue to diversify and grow addressing new products and markets.
- Attract and retain people in a rewarding and inspiring environment by fostering creativity and innovation.
- Offer technology and cost effective total solutions.

C) Objectives

(i) To maintain a dominant position in design, development, manufacture and marketing of Defence, Mining & Construction equipment and Rail & Metro equipment and seize emerging opportunities in Aerospace manufacturing and Dredging equipment business segments.

(ii) To diversify and grow at a Compound Annual Growth Rate of 12% per annum to achieve a Sales turnover of ₹4500 crores in 2012-13.

(iii) To provide unique total engineering solutions to its customers.

(iv) Internationalizing operations by developing markets and enhancing exports by 10% growth.

(v) To improve profitability at an average annual rate of 8%.

(vi) To ensure maintenance of state-of-the-art technology for all Company products.

(vii) Diversification of business operations specially in Dredging and Aerospace to tap emerging markets.

(viii) Continuous building of skills and competencies to bring about Employee/ Executive effectiveness and for management succession.

(ix) To strive to become a Navratna Company by 2015.

Financial Highlights

SL NO	PARTICULARS	UNITS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
A	**Our earnings**									
	Revenue billed - Domestic	₹ Lakhs	309164	350432	342957	343268	270913	251273	249106	214435
	- Export	₹ Lakhs	19813	14405	21750	15625	30434	20062	11073	6149
	Total Revenue billed	₹ Lakhs	328977	364837	364707	358893	301347	271334	260179	220584
	Less: Value of Consortium supplies	₹ Lakhs	29090	72779	82091	58302	8257	-	-	-
	Revenue billed net of Consortium Supplies	₹ Lakhs	299887	292058	282616	300591	293090	271334	260179	220584
	Less: Excise Duty	₹ Lakhs	18996	19409	17392	13641	13373	17374	17792	14630
	Revenue from operations	₹ Lakhs	280891	272649	265224	286950	279717	253960	242387	205954
	Change in WIP/SIT	₹ Lakhs	6992	42882	14800	15099	28072	11360	(1104)	(2627)
	Value of Production (with Revenue from Operations)	₹ Lakhs	287883	315531	280024	302049	307789	265321	241283	203327
	Value of Production (with Revenue Billed)	₹ Lakhs	335969	407719	379507	373992	329419	282695	259075	217957
B	**Our outgoings**									
	Cost of materials	₹ Lakhs	172427	184633	165880	180084	185089	160957	148403	127624
	Emp. Rem. & Benefits	₹ Lakhs	73940	72508	68315	55514	56919	44672	36379	33357
	Depreciation	₹ Lakhs	5025	4392	3364	3222	2731	1770	1352	1412
	Other Expenses(net)	₹ Lakhs	45996	45901	37938	36996	31296	31114	28510	35136
	Interest	₹ Lakhs	14099	8843	6127	4893	3925	2309	561	461
C	**Our savings**									
	PBDIT	₹ Lakhs	6891	19881	28166	40070	45403	38880	33517	30415
	PBIT	₹ Lakhs	1866	15489	24802	36848	42672	37110	32165	29003
	PBT	₹ Lakhs	(12233)	6646	18675	31955	38747	34801	31604	28542
	PAT	₹ Lakhs	(7987)	5725	14976	22285	26884	22565	20493	18693
D	**Own capital**									
	Equity	₹ Lakhs	4177	4177	4177	4177	4177	4177	3687	3687
	Reserves and surplus	₹ Lakhs	203826	213031	209727	199607	187360	166393	99661	84284
E	**Loan capital**									
	Loans from GOI	₹ Lakhs	-	-	-	-	-	-	-	-
	Loans from Banks	₹ Lakhs	85181	83335	67419	75305	47091	30327	2557	2488
	Other loans	₹ Lakhs	40959	12525	14091	15550	9673	-	-	-
F	**Financial Statistics**									
	Net worth	₹ Lakhs	208003	217208	213904	203639	190708	169176	101459	85390
	Gross Block	₹ Lakhs	118377	112845	94543	79871	74951	68028	59643	56512
	Depreciation	₹ Lakhs	65303	59923	55590	52484	49402	46970	45257	43992
	Net Block	₹ Lakhs	53074	52922	38953	27387	25549	21058	14386	12520
	Inventories	₹ Lakhs	245620	242241	188891	165300	162058	92958	72928	64908
	Trade Receivables	₹ Lakhs	122452	100598	128840	136074	154527	149606	90426	77021
	Working capital	₹ Lakhs	206756	205462	162399	259646	218771	174884	86676	73460
	Capital Employed	₹ Lakhs	259830	258384	201352	287033	244320	195942	101062	85980
	Value added	₹ Lakhs	115456	130898	114144	121965	122700	104364	92880	75703
	Dividend-Excl. Tax	₹ Lakhs	1041	2082	4164	4164	4997	4997	4409	3674
	R&D Expenditure	₹ Lakhs	9436	9779	9433	9720	3198	1926	1805	1914
	No. of Employees	Nos	11005	11644	11798	12052	12600	12286	11748	11975
G	**Financial Ratios**									
	Revenue from operations per Employee	₹ Lakhs	25.52	23.42	22.48	23.81	22.20	20.67	20.63	17.20
	Value Added per Employee	₹ Lakhs	10.49	11.24	9.67	10.12	9.74	8.49	7.91	6.32
	PBT to Revenue from operations	%	(4.36)	2.44	7.04	11.14	13.85	13.70	13.04	13.86
	PBIT to Capital employed	%	0.72	5.99	12.32	12.84	17.47	18.94	31.83	33.73
	PAT to Net worth	%	(3.84)	2.64	7.00	10.94	14.10	13.34	20.20	21.89
	Debt Equity ratio	Times	0.61	0.44	0.38	0.45	0.30	0.18	0.03	0.03
	EPS	₹	(19.18)	13.75	35.96	53.51	64.56	56.19	55.77	50.87
	Dividend	%	25.00	50.00	100.00	100.00	120.00	120.00	120.00	100.00
	Revenue from operations to Capital employed	%	108.11	105.52	131.72	99.97	114.49	129.61	239.84	239.54

Notes: i) For ratios pertaining to turnover, Revenue from operations has been considered.

ii) Trade Receivables includes Unbilled Revenue amounting to ₹ 36301 Lakhs shown under other current assets in the accounts (Pr. Yr. - ₹ 21433 Lakhs)

Financial Highlights

SL NO	PARTICULARS	UNITS	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
A	**Our earnings**									
	Revenue billed - Domestic	₹ Lakhs	179745	171316	165972	130872	119760	99469	120210	118782
	- Export	₹ Lakhs	5856	5259	2145	11543	14980	32240	1052	7189
	Total Revenue billed	₹ Lakhs	185601	176575	168117	142415	134740	131709	121262	125971
	Less: Value of Consortium supplies	₹ Lakhs	-	-	-	-	-	-	-	-
	Revenue billed net of Consortium Supplies	₹ Lakhs	185601	176575	168117	142415	134740	131709	121262	125971
	Less: Excise Duty	₹ Lakhs	12322	9354	11005	9170	9608	7497	8081	10636
	Revenue from operations	₹ Lakhs	173279	167221	157112	133245	125132	124212	113181	115335
	Change in WIP/SIT	₹ Lakhs	2994	(7388)	5899	1195	(423)	(2324)	3153	2626
	Value of Production (with Revenue from Operations)	₹ Lakhs	176273	159833	163011	134440	124709	121888	116334	117961
	Value of Production (with Revenue Billed)	₹ Lakhs	188595	169187	174016	143610	134317	129385	124415	128597
B	**Our outgoings**									
	Cost of materials	₹ Lakhs	103505	105319	111449	90318	79540	77685	73738	74787
	Emp. Rem. & Benefits	₹ Lakhs	35616	34678	33407	32562	36662	26349	24132	21808
	Depreciation	₹ Lakhs	2299	1829	1930	2214	2340	2679	2572	2458
	Other Expenses(net)	₹ Lakhs	27052	29191	31231	19171	15946	16897	17552	19945
	Interest	₹ Lakhs	179	148	300	2226	3120	6399	8878	10074
C	**Our savings**									
	PBDIT	₹ Lakhs	29758	6995	6017	5741	6525	11438	11722	14137
	PBIT	₹ Lakhs	27459	5166	4087	3527	4185	8759	9150	11679
	PBT	₹ Lakhs	27280	5018	3787	1301	1065	2360	272	1605
	PAT	₹ Lakhs	17528	2417	2610	535	600	1460	62	1065
D	**Own capital**									
	Equity	₹ Lakhs	3687	3687	3687	3687	3687	3687	3687	3687
	Reserves and surplus	₹ Lakhs	69781	56437	54827	55978	55689	55497	54937	54877
E	**Loan capital**									
	Loans from GOI	₹ Lakhs	-	-	-	-	-	-	1440	2525
	Loans from Banks	₹ Lakhs	7491	3148	3130	27255	23471	37537	47305	41466
	Other loans	₹ Lakhs	-	180	220	2778	6288	10855	22951	27247
F	**Financial Statistics**									
	Net worth	₹ Lakhs	69439	56888	53219	55559	55700	57774	57752	56922
	Gross Block	₹ Lakhs	54395	54334	53425	52851	52695	52199	50618	49708
	Depreciation	₹ Lakhs	42738	40949	39213	37648	35805	33509	31058	28613
	Net Block	₹ Lakhs	11657	13385	14212	15203	16890	18690	19560	21095
	Inventories	₹ Lakhs	62080	57327	74850	63886	63868	61079	67961	65732
	Trade Receivables	₹ Lakhs	60820	44356	49418	56730	52067	52016	60665	61882
	Working capital	₹ Lakhs	64658	47933	43454	69190	67512	86838	108655	106510
	Capital Employed	₹ Lakhs	76315	61318	57666	84393	84402	105528	128215	127605
	Value added	₹ Lakhs	72768	54514	51562	44122	45169	44203	42596	43174
	Dividend-Excl. Tax	₹ Lakhs	3674	735	735	441	368	735	0	0
	R&D Expenditure	₹ Lakhs	1687	1498	1754	1823	1550	1372	1194	1230
	No. of Employees	Nos	12189	12922	13116	13838	14357	15117	15471	15349
G	**Financial Ratios**									
	Revenue from operations per Employee	₹ Lakhs	14.22	12.94	11.98	9.63	8.72	8.22	7.32	7.51
	Value Added per Employee	₹ Lakhs	5.97	4.22	3.93	3.19	3.15	2.92	2.75	2.81
	PBT to Revenue from operations	%	15.74	3.00	2.41	0.98	0.85	1.90	0.24	1.39
	PBIT to Capital employed	%	35.98	8.42	7.09	4.18	4.96	8.30	7.14	9.15
	PAT to Net worth	%	25.24	4.25	4.90	0.96	1.08	2.53	0.11	1.87
	Debt Equity ratio	Times	0.11	0.06	0.06	0.54	0.53	0.84	1.24	1.25
	EPS	₹	47.70	6.58	7.10	1.46	1.63	3.97	0.17	2.88
	Dividend	%	100.00	20.00	20.00	12.00	10.00	20.00	0.00	20.00
	Revenue from operations to Capital employed	%	227.06	272.71	272.45	157.89	148.26	117.71	88.27	90.38

NOTICE is hereby given that the 49th Annual General Meeting of BEML Limited will be held on **Friday**, the **13th September, 2013** at **10.00 hours** at **API Bhavana, #16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore - 560052**, to transact the following business:

I. ORDINARY BUSINESS

1. To receive, consider, approve, and adopt the Audited Statement of Profit and Loss and Cash Flow Statement for the year ended 31.03.2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.

2. To declare Dividend for the year 2012-13.

3. To elect a Director in place of Shri Kanwal Nath, who retires by rotation and being eligible, offers himself for re-appointment.

4. To elect a Director in place of Prof. Ramesh Bhat, who retires by rotation and being eligible, offers himself for re-appointment.

5. To elect a Director in place of Prof. S. Sadagopan, who retires by rotation and being eligible, offers himself for re-appointment.

6. To elect a Director in place of Shri C. N. Durgesh, who retires by rotation and being eligible, offers himself for re-appointment.

7. To fix the remuneration of the Auditors for the year 2013-14.

II. SPECIAL BUSINESS

8. Appointment of Directors:

(a) To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that Shri P. Dwarakanath, be and is hereby appointed as Chairman & Managing Director of the Company with effect from 09.10.2012 on the terms and conditions as stipulated by the Government."

(b) To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that Shri C. Balakrishnan, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government."

(c) To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that Shri N.P. Gupta, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government."

(d) To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that Shri Suhas Anand Bhat, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government."

(e) To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that Shri P.K. Mishra, be and is hereby appointed as Part-time Government Director of the Company with effect from 02.11.2012 on the terms and conditions as stipulated by the Government."

(f) To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that Shri D K Hota, be and is hereby appointed as Director (HR) of the Company with effect from 01.07.2013 on the terms and conditions as stipulated by the Government."

9. Alteration of Articles of Association – Buy-back of Shares :

To consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby amended by inserting the following paragraph as Article 7(a) after Article 7 as under :

Buy-back of Shares:

7(a) The Company may, subject to the applicable provisions of the Companies Act and SEBI Regulations, purchase its fully paid shares or other specified securities (hereinafter referred to 'Buy Back') out of its free reserves or the securities premium account or the proceeds of any shares or other specified securities issued specially for the purpose of buy back or any other mode as may be permitted from time to time."

By order of the Board
For BEML Limited
Sd/-
M E V Selvamm
Company Secretary

Bangalore
07.08.2013

Notes

1. *A Member entitled to attend and vote at the Meeting is entitled to appoint proxy / proxies to attend and vote instead of himself and proxy need not be a member of the Company.*

2. *Proxy form is attached. The Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.*

3. *Member / Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed and executed.*

4. *Shareholders are requested to address all correspondence in relation to share matters to the Company's Share Transfer Agent (STA), M/s Karvy Computershare Private Limited at the following address :*

   M/s. Karvy Computershare Private Limited
   Plot No.17-24, Vittalrao Nagar
   Madhapur, Hyderabad - 500 081
   Andhra Pradesh State
   Ph : 040-44655000, Fax : 040-23420814
   Toll Free No. : 1800-3454-001

   E-mail : nageswara.raop@karvy.com,
   einward.ris@karvy.com
   Website : www.karvy.com

5. *Investor Grievance Redressal :*

   The Company has designated an exclusive e-mail id: investorgrievance@beml.co.in to enable investors to register their complaints, if not adequately addressed by the STA.

6. *Members who are holding shares in more than one folio are requested to intimate to the STA the details of all their folio numbers for consolidation into a single folio. Members must quote their Folio Number / Demat Account No. and contact details such as email address, contact no. etc in all correspondence with the Company/STA.*

7. *Members are requested to bring their copies of the Annual Report to the meeting.*

8. *Members may visit the website of the Company www.bemlindia.com for more information on the Company.*

9. *An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.*

10. *In terms of Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Book will remain closed from 10.09.2013 to 13.09.2013 (both days inclusive) for the purpose of the Annual General Meeting.*

11. *Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors eligible for re-appointment vide Item Nos.3 to 6 are attached hereto.*

12. *The dividend declared at the meeting will be made available on or after 18.09.2013, in respect of shares held in physical form to those members who are entitled to the same and whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company at the end of business hours on 09.09.2013 and in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited.*

13. *Pursuant to Section 205A(5) of the Companies Act, 1956 the unpaid dividends that are due for transfer to the Investor*

Education and Protection Fund are as follows:

Dividend	*Date of Declaration*	*For the year*	*Due for transfer on*
Final	28.09.2006	2005-06	02.11.2013
Interim-1	23.01.2007	2006-07	27.02.2014
Interim-2	25.06.2007	2006-07	30.07.2014
Interim	18.02.2008	2007-08	25.03.2015
Final	30.09.2008	2007-08	04.11.2015
Final	25.09.2009	2008-09	30.10.2016
Final	13.08.2010	2009-10	17.09.2017
Final	29.08.2011	2010-11	04.10.2018
Final	14.09.2012	2011-12	19.10.2019
Final	13.09.2013	2012-13	18.10.2020

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company/ STA, for obtaining payments thereof at least 20 days before they are due for transfer to the said fund.

14. *Queries on accounts and operations of the Company, if any, may please be sent to the Company ten days in advance of the meeting so that the replies may be made available at the meeting.*

Invitation to Shareholders to preserve environment

Ministry of Corporate Affairs (MCA) vide circular nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a Company would be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports etc. are sent in electronic form to its Members. Accordingly, the said documents of the Company for the financial year ended March 31, 2013 will be sent in electronic form to those Members who have registered their e-mail address with their DP and made available to the Company by the Depositories. However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to office@cs.beml.co.in *duly quoting his DP ID and Client ID or the Folio number, as the case may be. Members holding shares in physical form are requested to submit their e-mail address to the STA, duly quoting their Folio number. Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA.*

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 8 – Appointment of Directors:

The President of India, as the Government of India holding over 54% of equity shares in the Company, shall appoint the Directors of the Company from time to time and also shall determine the terms of office of such Directors as provided under Article 97 of the Articles of Association of the Company. Accordingly, the following changes on the Board of your Company were effected during the year as per the directives of the President of India:

- Shri P.K. Kataria, Additional Financial Adviser & Joint Secretary on 13.06.2012 was appointed as Part-time Government Director in place of Dr. S.C. Pandey. However, Shri Kataria was replaced by Shri Rajnish Kumar, Additional Financial Adviser & Joint Secretary with effect from 02.08.2012.
- Shri P. Dwarakanath, who was Chairman & Managing Director (CMD) In-charge was appointed as CMD vide letter No.17(8)/2012-D(BEML), dt. 09.10.2012. Shri Dwarakanath took charge on 10.10.2012 as CMD.
- Shri C. Balakrishnan and Shri N.P. Gupta, Ex-Secretaries to the Government of India and Shri Suhas Anand Bhat, Ex-CMD, Indian Overseas Bank were appointed as Non-official (Independent) Directors on the Board of the Company vide letter No.10(9)/2011-D(BEML), dt. 15.10.2012 in place of Shri M.B.N. Rao, Shri J.P. Batra and Shri J.P. Singh, who ceased to be Independent Directors with effect from 07.07.2012.
- Shri P.K. Mishra, Joint Secretary (Electronic Systems), Department of Defence Production, MoD, was appointed as Part-time Government Director vide Ministry of Defence letter No.10(2)/2011-D(BEML), dated 02.11.2012 in place of Smt. Rashmi Verma.
- Shri D K Hota was appointed as Director (HR) vide Ministry of Defence letter No.10(3)/2012 - D(BEML), dated 29.04.2013. He took charge on 01.07.2013.

The Board placed on record its deep appreciation of the valuable services rendered by Dr. S.C. Pandey, Shri P.K. Kataria, Shri M.B.N. Rao, Shri J.P. Batra, Shri J.P. Singh, Smt. Rashmi Verma and Dr. M. Nellaiappan.

In view of the provisions of the Companies Act, 1956 relating to appointment of Directors, it is necessary to place this item before the members of the Company to secure the consent of the members for the appointments of the aforementioned Directors with effect from the respective date of their appointments as aforesaid.

(a) Shri P. Dwarakanath, Chairman & Managing Director

Shri Dwarakanath, is a Graduate in Mechanical Engineering, from National Institute of Technology, Warangal. He joined BEML as a Management Trainee in 1978 and held various important positions in the Company covering Rail & Metro and Defence areas. He was heading BEML, Bangalore Complex prior to taking over the charge of Director (Metro & Rail Business) with effect from 01.03.2008. He is also given additional charge of Chairman & Managing Director from 12.06.2012 to 30.09.2012 and later took charge as regular Chairman & Managing Director on 10.10.2012. He is also given additional charge of Director (Rail & Metro Business) from 01.11.2012. Further, he is also on the Board of M/s MAMC Industries Limited, a subsidiary of BEML.

Shri Dwarakanath, is a Graduate in Mechanical Engineering, from National Institute of Technology, Warangal. He joined BEML as a Management Trainee in 1978 and held various important positions in the Company covering Rail & Metro and Defence areas. He was heading BEML, Bangalore Complex prior to taking over the charge of Director (Metro & Rail Business) with effect from 01.03.2008. He is also given additional charge of Chairman & Managing Director from 12.06.2012 to 30.09.2012 and later took charge as regular Chairman & Managing Director on 10.10.2012. He is also given additional charge of Director (Rail & Metro Business) from 01.11.2012. Further, he is also on the Board of M/s MAMC Industries Limited, a subsidiary of BEML.

(b) Shri C. Balakrishnan, Non-official (Independent) Director :

Shri Balakrishnan is a 1974 batch, Himachal Pradesh Cadre IAS officer. He served in the State in various capacities including Secretary – Education and Civil & Food supplies. He also served in the important Central Government departments like HRD, Shipping, Road Transport and Highways. He retired as Secretary-Coal, Government of India. He was a Director on the Board of Public Sector Companies including Shipping Corporation of India Limited and he also served as the Managing Director, Himachal Pradesh General Industries Corporation and Himachal Pradesh Small Industries and Exports Corporation. He is also director on the Board of M/s Swayambhu Natural Resources (P) Limited, Kolkata, a wholly owned subsidiary of India Power Corporation Limited. He does not hold any equity shares of the Company.

(c) Shri N.P. Gupta, Non-official (Independent) Director :

Shri Gupta, is a 1972 batch, Tamil Nadu Cadre IAS officer. He served in the state of Tamil Nadu in various capacities including Secretary of Animal Husbandry, Textiles and Public Works Department. He also served in the Department of Defence Production, Ministry of Defence, Government of India, during 1978-83 and was coordinating HAL related activities. He retired as the Member-Secretary to National Commission for Women. He held directorships both in public and private sector companies and presently serving as Director on the Board of Tamil Nadu Telecommmunication Limited and Indian Drugs & Pharmaceuticals Limited. He does not hold any equity shares of the Company.

(d) Shri Suhas Anand Bhat, Non-official (Independent) Director :

Shri Suhas Anand Bhat, is a Banker by profession and served for Bank of India, UCO Bank and Indian Overseas Bank. He had rich experience in International Finance, Foreign Exchange, Credit Appraisal and General Administration. He retired as the Chairman and Managing Director of Indian Overseas Bank. Apart from his experience as Director in the Banking Industry, he was also a Director on the Board of GDA Management Consulting Pvt. Limited and BOI AXA Trustee Services (P) Limited. He does not hold any equity shares of the Company.

(e) Shri P.K. Mishra, Part-time Government Director :

Shri Mishra belongs to 1984 batch of the IA&AS. He has wide international experience and was member of several Missions to appraise the working of UN agencies on behalf of the UN Board of Auditors.

Shri Mishra served as the Special Secretary to the Government of Orissa in the Department of Energy and was intimately associated with the Power Sector reforms in Orissa. He also served as Special Secretary to the Government of Orissa in the Finance Department and was associated with the introduction of VAT in the State. He worked as Accountant General, Orissa and as Accountant General, Delhi. He was posted as Principal Director looking after the Audit of Public Sector Undertakings in the Office of the CAG of India prior to his appointment as Additional Financial Adviser & Joint Secretary in the Ministry of Defence.

Shri Mishra, in his capacity as Additional Financial Adviser and Joint Secretary, was earlier on the Board of BEML as Part-time Government Director from November 2009 to June 2011 and was also a member of Audit Committee of the Board during that tenure. He is also Director on the Board of M/s Bharat Electronics Limited, a CPSE. He holds 100 equity shares of the Company as a nominee of the President of India.

f) Shri D K Hota, Director (HR)

Shri. D K Hota has joined as Director (Human Resource) and a Member of Board of Directors of BEML Limited a Public Sector Undertaking under the Ministry of Defence on 01.07.2013. He is an alumnus of St Stephens College from where he graduated in Economics Hons. in 1981 and thereafter did his post graduation in HR from XLRI in 1983.

He joined HPCL in April 1983. Even though an HR professional he has had the distinction of having worked in Marketing and has handled critical functions such as Head Natural Gas, CEO-HPCL Bio-fuels, Head Marketing Planning etc,.

Before joining BEML he was heading the Natural Gas Division based in Mumbai. Prior to this he was CEO of HPCL BIOFUELS a 100% subsidiary of HPCL based out of Patna. He successfully commissioned two plants of 3500 TCD, 20 MW of Co-gen and 60TKL ethanol each in North Bihar as part of their renewable energy foray.

While in HR he was heading the Change Management exercise called Achieving Continuous Excellence in creating in Learning Organization. He was also responsible in initiating a BPR Exercise that HPCL undertook with Arthur Andersen.

While in HR he has handled all aspects of HR and has held various positions i.e., Head Performance Management, Head Organization and Manpower Development, Head Compensation and Benefits, Sr. Manager IR & Welfare, Head HR East Zone etc.,

He is currently the President of the St. Stephens College Alumni network at Mumbai and also a member of the Executive Alumni Committee of St Stephens College, New Delhi.

S/Shri P. Dwarakanath, C. Balakrishnan, N.P. Gupta, Suhas Anand Bhat, P.K. Mishra and D K Hota being the appointees concerned, are considered to be interested in the resolutions. The Board commends the resolutions for the approval of the members.

Item No.9 - Alteration of Articles of Association - Buy-back of shares:

Department of Public Enterprises vide Office Memorandum F.No.DPE/14(24)/2011-Fin dated 26th March, 2012 advised all the administrative ministries to instruct CPSEs under their administrative control to take necessary steps to implement the guidelines on buy back of shares and submit compliance report on such implementation. The said guidelines stipulate amendment to the Articles of Association by the CPSE concerned to provide for buy back of shares in case such provision does not exist in its Articles.

The Articles of Association of the Company does not contain the provisions for buy back of shares. Hence, it is proposed to amend the Articles of Association of BEML by inserting Article 7(a) after Article 7. The said proposal was approved by the Board at its 309th Meeting held on 29.05.2013 which would enable the Company to buy back its shares as per the provisions of the Companies Act and SEBI Regulations as amended from time to time.

None of the Directors is interested or concerned in the resolution. The Board commends the resolution for the approval of the members.

By order of the Board
for BEML Limited
Sd/-
M E V Selvamm
Company Secretary

Bangalore
07.08.2013

Details of Directors seeking re-appointment as required u/c 49(IV)(G) of the Listing Agreement :

Shri Kanwal Nath, Non-official (Independent) Director

Shri Kanwal Nath is a former Deputy Comptroller & Auditor General. He is a distinguished IA&AS Officer of 1969 batch with over 37 years of experience in handling audit of various departments and ministries of State and Central Government and CPSEs. During his career he also worked as Joint Secretary & Financial Adviser, Ministry of Water Resources, GoI for over 2 years. He does not hold any equity shares of the Company.

Prof. Ramesh Bhat, Non-official (Independent) Director

Shri Ramesh Bhat is a former Professor of Indian Institute of Management, Ahmedabad, and presently an Advisor to the Ministry of Human Resources Development, Government of India. He is a Post Graduate in Commerce and acquired his Doctorate in the field of Financial Management. He does not hold any equity shares of the Company.

Prof. S. Sadagopan, Non-official (Independent) Director

Prof. S. Sadagopan is currently the Director of IIIT-Bangalore. He is a product of Madras University, India and Purdue University, USA. He taught for 30 plus years at IIT-Kanpur, IIM-Bangalore, IIT-Madras and IIIT-Bangalore in addition to short teaching assignments at RUTGERS, USA and AIT, Bangkok. He has authored seven books, several book chapters and papers.

He is a Fellow of IEE (UK), Computer Society of India and Institution of Engineers (India). He is a Senior Member of IEEE and ACM. He was a Fulbright Fellow in 1995.

He consults widely to corporations in the automotive, power, oil, software services, banking and the social sector. He lectures extensively on all aspects of IT and invited by corporations, universities and foundations both in India and abroad. He has traveled widely across all the continents.

He serves on the Boards of BEML, KBITS, KEONICS and VIL, a subsidiary of BEML Limited. Earlier he was on the Board of Bharat Electronics, Neyveli Lignite Corporation, Indian Renewable Energy Agency, NMDC and Bank of India. He is on the Board of IIIT-Gwalior, IIIT-Bhubaneswar, ISIM-Mysore, earlier he was on the Board of IIIT-Delhi, IGNOU and VIT University.

He serves as a Member of the International World Wide Web Conference Committee (IW3C2), Karnataka Knowledge Commission, and ACM India Council. He was the General Chair for World Wide Web (WWW) Conference 2011 and International Conference on Global Software Engineering (ICGSE) 2007. He does not hold any equity shares of the Company.

Shri C.N. Durgesh, Director (Mining & Construction Business)

Shri C.N. Durgesh is a Mechanical Engineer from College of Engineering, Anantapur. He is also Master of Technology in Industrial Engineering from Sri Venkateswara University College of Engineering, Tirupati. He joined M/s Ashok Leyland Limited during August, 1979 and worked in the areas of production of axles, gear boxes, engines meant for medium passenger and goods vehicles. Then he joined M/s BEML Limited during May, 1987 and worked in various production units and marketing division and rose to the level of Executive Director and Chief of KGF Complex. He is also Director on the Board of Vignyan Industries Limited and MAMC Industries Limited, subsidiaries of BEML. He does not hold any equity shares of the Company.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 49th Annual Report and Audited Accounts for the year ended 31.03.2013.

FINANCIAL RESULTS:

(₹ in Crs.)

Particulars	*2012-13*	*2011-12*
Revenue billed including consortium supplies	**3289.77**	3648.37
Revenue including excise duty	**2998.87**	2920.58
Revenue from operations	**2808.91**	2726.49
Profit before Depreciation, Interest and Tax	**68.91**	198.81
Interest	**140.99**	88.43
Depreciation	**50.25**	43.92
Profit Before Tax	**(122.33)**	66.46
Tax Expense	**(42.46)**	9.21
Profit After Tax	**(79.87)**	57.25
Profit available for appropriations	**283.31**	393.11
APPROPRIATIONS :		
Proposed Dividend	**10.41**	20.82
Dividend tax	**1.77**	3.38
General Reserve	**36.32**	5.73
Profit & Loss Account	**234.81**	363.18
Net Worth	**2080.03**	2172.08

TURNOVER AND PROFITABILITY:

Your Company achieved revenue billing of ₹3289.77 crores including the value of consortium supplies against ₹3648.37 crores of corresponding value in the previous year. The revenue from operations (net of consortium supplies and excise duty) stood at ₹2808.91 crores as against ₹2726.49 crores in the previous year, registering a marginal growth of 3.02%. The Value of Production (net of consortium supplies and excise duty) is ₹2878.83 crores as against ₹3155.31 crores in the previous year. The Company incurred a loss of ₹122.33 crores as against Profit before Tax of ₹66.46 crores recorded in the previous financial year. Though the Sales (net of consortium supplies and excise duty) has registered a marginal growth, the sluggishness in the Mining & Construction business segment, non-availability of further input material for Defence supplies have affected the sales of the above two business groups registering a negative growth of 17% in Mining & Construction business and 23% in Defence business. However, the sales of Rail & Metro registered a growth of 90% (net of consortium supplies and excise duty), which almost compensated the above reduction in business resulting in the said overall marginal growth of 3.02%. Further, the value of production has shown declining trend of about 9%. This is mainly because of reduction in production in Mining & Construction business keeping in view the higher level of finished goods inventory and also lower production in Defence on account of the prevailing situation.

The reduction in profit was mainly on account of lesser volume of business in Defence and Mining & Construction business segments and considerable increase in the financial charges and other provisions during the year. However, your Company is poised to register higher turnover and profit in the current financial year.

DIVIDEND:

The Board of the Company has recommended a dividend of ₹2.50/- per share i.e., 25% for the year 2012-13 keeping in view the past performance and future prospects and at the same time meeting the aspirations of the shareholders.

EXPORTS:

During 2012-13, your Company made exports aggregating ₹198.13 crores as against ₹144.05 crores in the previous year. The international presence of the Company has increased to 61 countries with the entry to Kuwait during the year.

QUALITY:

Initiatives / actions taken up during the year to ensure and enhance product and service quality are briefed below –

Journey towards Quality Assurance:

M/s. National Institution for Quality & Reliability (NIQR), Chennai, consultancy was engaged to carry forward the implementation of Quality Control (QC)→Quality Assurance (QA) at divisions. Further, training in the areas of '5S', 'KAIZEN', 'QC→ QA' 'Statistical Process Control (SPC)", "TPM", "SPC Champions", "5S Internal Auditor", "5S General Awareness", "7 QC Tools", "Autonomous Maintenance" were imparted. In addition, new Quality Assurance Plans (QAPs) with Inspection & Test Plans (ITPs) are being prepared for implementation at divisions.

Quality Management Certification:

All manufacturing divisions and M/s. VIL, Tarikere continue to hold ISO9001-2008 Quality Management System (QMS) certification. The KGF, Bangalore and Mysore Complexes are certified for ISO14001-2004 Environmental Management System (EMS). Bangalore Complex is certified for BS OHSAS 18001-2007 - Integrated Management system. Engine Division, Mysore complex is certified for AS9100 REV C for Aerospace activities. Laboratories at R&D, KGF and Mysore continue to hold NABL (National Accreditation Board for Testing and Calibration Laboratories) accreditations.

Quality Improvement:

Quality Circles / Kaizen / Six Sigma / 5S teams are active throughout the company. To motivate the Quality Circles, our annual event - 'BEML-Nonimara Award' Competition, was conducted, wherein, 15 teams from across the divisions and M/s. VIL took part in the competition. During the year, around 2000 Kaizen projects have been successfully completed. '5S' implementation is in place at the manufacturing divisions. 44 Black Belts are working on various Six Sigma projects in the areas of Quality Improvement, Lead Time Reduction, Cost reduction, Product Improvement and Productivity Improvement. During the year, 15 projects have been successfully completed.

Quality Circles / Kaizen / Six Sigma / 5S teams were deputed for the competitions conducted by Quality Forums like M/s. Quality Circle Forum of India (QCFI) and M/s. NIQR and our teams have brought laurels by winning won "GOLD" / "SILVER" / "BRONZE: medals. QC Team "METRO" from Bangalore Complex has bagged first prize - "PAR EXCELLENCE" award in the National Level competition - NCQC -2012 conducted by M/s. QCFI. The team has become eligible for participating in the international competition ICQCC – 2013 which is scheduled at TAIPEI, Taiwan.

Vendor Development:

Efforts are continued in identifying, developing & evaluating the potential suppliers. 138 vendors have been included in the Approved Vendor list during the year. Vendors who are consistent in quality and self-reliable are encouraged by awarding “Self Certification” status for their supplies. During the year, 19 firms have been accorded “Self-certification” status.

Periodic process / system audits are being conducted and necessary feedbacks are given to the vendors for process / system improvements right from development stage to ensure quality in their supplies. During the year, around 70 process audits have been carried out.

Customer Satisfaction:

To achieve higher level of customer satisfaction, cross functional teams & Quality Improvement Teams are active throughout the company to address field issues and to gather customer feedback to enhance product & service quality.

RESEARCH & DEVELOPMENT:

The Company's Research & Development Centre continues to play a vital role in the design and development of products, critical aggregates, indigenization activity etc. During the year, R&D has developed and launched certain products in Mining & Construction and Defence segments.

The information on R&D, Technology Absorption, Adaptation and Innovation including the products developed by the Company during the year is at Annexure-I.

FINANCE:

The working capital requirements were met from the internal resources and credit facilities availed from banks. There was no overdue installment of principal and interest.

The Company's contribution to exchequer was in the order of ₹628.76 crores during the year by way of Excise Duty, Customs Duty, Sales Tax, Income Tax, Wealth Tax, Service Tax, Cess, etc.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the Company's foreign exchange earnings stood at ₹179.42 crores. The total foreign exchange utilized during the year was ₹672.90 crores.

A sum of ₹1.23 crores was incurred towards deputation of personnel abroad for business/ export promotion, after-sales-services and training.

FIXED DEPOSITS:

The Company has not accepted / renewed any fixed deposits during the year, and there is also no outstanding Fixed Deposits.

LISTING OF DEBT SECURITIES:

3000 Secured Redeemable Non-convertible Debentures of face value of ₹10 lakhs aggregating to ₹300 Crores have been allotted to M/s Axis Bank Limited on 18.05.2012 on private placement basis and the same were listed on BSE Debt Segment on 02.07.2012.

DELISTING OF EQUITY SHARES:

Disclosure in terms of Regulation 7(1)(d) of SEBI (Delisting of Equity Shares) Regulations, 2009 – The equity shares of your Company are delisted from the Bangalore Stock Exchange Limited (BgSE) w.e.f 15.01.2013. This decision was taken since the equity shares of the Company are not traded on BgSE for a long time. However, the Company's equity shares continued to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). This will provide sufficient access to the investors / shareholders for their dealing with the Company's equity shares across the country through the nation-wide trading terminals of BSE and NSE.

VIGILANCE:

The Company has an independent Vigilance Department headed by a full-time Chief Vigilance Officer. The scope of work of the Vigilance Department has been set out to address risk factors in procurement and administration through investigation of complaints and through preventive measures with the objective of promoting integrity, transparency, accountability and equity as also increasing efficiency and productivity by leveraging technology in the organisation. The functional units of Vigilance department, viz., Investigation Wing, Disciplinary Wing, Anti-corruption Wing, Preventive Vigilance Wing and Technical Wing deal with various facets of vigilance mechanism. Several initiatives were taken in the process of creating awareness, sensitization and ensuring accountability, probity and transparency within the overarching vigilance functions of punitive, preventive and surveillance and detection.

A risk based approach to complaint resolution has been adopted whereby after resolving complaints, risks in the system are identified and corrective measures recommended reducing the scope for corruption. Accordingly, several system improvement recommendations were made and implemented.

To mark the observance of Vigilance Awareness Week-2012 'VIG-KIRAN Ver.2', a special journal, on the theme 'Transparency in Public Procurement' was released with the objective of plugging the knowledge gap in public procurement measures and aid in setting up sound public procurement system. Beginning with the General Financial Rules 2005 embodying the basic tenets of public buying namely, '*every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement'* (GFR 137), all regulations, guidelines, standards, governing the process of public procurement as well as e-procurement has been digitized in a CD and appended to 'VIG-KIRAN Ver.2' constituting its USP.

A meet with the Vendors of BEML to engage them in the reform process of Public Procurement, in which they have an equal stake, was considered fitting during the Vigilance

Awareness Week 2012, particularly, in view of the theme, being 'Transparency in Public Procurement'. Vendor meet was organized in three divisions of BEML, Bangalore, Mysore and KGF with great success. A questionnaire was designed and circulated to the Vendors present at the meet to elicit their response regarding the transparency of the procurement processes adopted by BEML and their awareness of them. They were asked to rate their experience with the e-procurement system at BEML Ltd on a scale of 0 to 5, with 0 representing 'least transparent' and 5 representing 'most transparent'. In response 59 vendors rated their experience, of them 34 have rated it between 4 to 5, 17 vendors have rated it between 3 to 4 and 8 vendors have rated it between 2 to 3, affirming thereby, that the e-Procurement system at BEML Limited is closer to being 'most transparent'.

In response to the priority flagged by the Central Vigilance Commissioner for the need to improve the knowledge base in the use of e-procurement tools like Reverse Auction in the Defence PSEs, a workshop on 'e-Procurement and Reverse Auction' was organized by BEML Vigilance Department in association with the Central Vigilance Commission and Ministry of Defence. 34 participants, comprising Chief Vigilance Officers and Senior Executives dealing with Procurement, from nine Defence PSEs located all over India and OFB attended the workshop.

An Annual Inspection Plan of the Regional/District Offices of Marketing division of BEML was drawn up. A team of three Vigilance Officers from different divisions with diverse background are conducting the Inspection according to the Plan.

Objective and effective vigilance administration which is vital to overall efficient administration and governance is being ensured.

CORPORATE GOVERNANCE

A report on Corporate Governance and Management Discussion and Analysis Report along with a Compliance Certificate from the Auditors as required under the Listing Agreement entered into with the Stock Exchanges is annexed to this report.

SUBSIDIARY COMPANY :

M/s Vignyan Industries Limited (VIL):

VIL has recorded the turnover of ₹27.47 crores as against ₹39.21 crores, which works out reduction in turnover of 30% over the previous year. The value of production of the Company stood at ₹25.67 crores against ₹45.29 crores and the Company incurred a loss of ₹2.28 crores as against a profit before tax of ₹0.65 crores. The prime reason for the low performance was poor demand for the castings from customers due to market recession and non-availability of power and foundry grade sand.

The Company is planning to explore opportunities to supply various casting requirements to customer other than Mining & Construction of BEML. Accordingly, Defence business related steel castings like Track Shoes for T-72, ARVs, BMP, etc., would be developed and produced by VIL. In the area of Rail business, steps are being taken to focus on huge opportunities for castings like Axle Box, Buffer Assembly, etc., to improve the performance level of the Company.

The statement and particulars relating to VIL, pursuant to Section 212 of the Companies Act, 1956 is attached. In accordance with Section 212(8) of the Companies Act, 1956, your Company has been exempted from attaching the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Auditors' Report, Directors' Report, etc., of the subsidiary Company to the Balance Sheet of BEML Limited as per Government of India Order No.51/12/2007-CL-III dated 08.02.2011 issued under General Circular No.2/2011. However, the Company will make available these documents upon request by any member of the Company.

JOINT VENTURE COMPANY:

M/s. BEML Midwest Limited:

A JV Company, M/s BEML Midwest Limited incorporated on 18.04.2007 at Hyderabad with BEML having 45% share, M/s Midwest Granite Pvt. Ltd., and P T Sumber Mitra Jaya of Indonesia as partners with 55% share. The Company has been established to capitalize the growing business opportunities in the mining segment. However, due to certain unauthorized transactions and the oppression and mismanagement by the nominees of M/s Midwest Granite P Limited, BEML had filed an application before Hon'ble Company Law Board seeking for suitable relief. Hon'ble CLB vide its order dated 01.06.2012 directed the Central Government to appoint an inspector to investigate the affairs of BEML Midwest Limited. In the meantime, as advised by legal experts, the Company has preferred two appeals before Hon'ble High Court of Andhra Pradesh at Hyderabad on 30.07.2012 against the said order of CLB. The appeals are pending disposal before the said High Court.

MICRO, SMALL AND MEDIUM ENTERPRISES

The Micro, Small and Medium Enterprises continue to get support and preference from BEML wherever there is shortage of in-house capacity. The company extends technical guidance and requisite support to these industries wherever required. Our quality control personnel visit the industries to assist and ensure that the quality of the products meet the requisite standards.

During 2012-13, the Company procured items worth ₹145.04 crores from the said category of enterprises.

RAJBHASHA

- Your Company ensured compliance of the Official Languages Act, 1963, and the Rules made there under and administrative instructions regarding use of Hindi received from the Department of Official Language and Ministry of Defence from time to time.

- Your Company has been adjudged with TOLIC Rajbhasha shield for commendable progressive use of Hindi during the year 2011-12, which gives the mark of continuous efforts in propagation of Official Language Policy in the Company.

- Hindi training for all the three courses viz., Prabodh, Praveen and Pragya under Hindi Teaching Scheme of Ministry of Home Affairs, Department of Official Language were arranged regularly. A total of 270 employees have been trained during the year under review.
- Two officials of the Company have been trained in Computer Training programme in Hindi organised by Central Central Hindi Training Institute, Ministry of Home Affairs.
- To inculcate interest and efficiency among the staff, 12 Hindi workshops were organized for 204 employees at Corporate Office and Business Complex Offices during the year.
- Hindi Fortnight was observed with great zeal in the Corporate Office, all the Business Complex Offices and Regional offices of Hyderabad, Mumbai and Chennai from 14.09.2012 to 28.09.2012. During this period, to motivate the employees competitions viz. Hindi Quiz, Hindi Crossword and Noting and Drafting, were organized and the winners of these competitions were awarded. Further, Hindi Day i.e. 14.09.2012 was observed in accordance with the guidelines issued by the Ministry of Defence and Department of Official Language, Ministry of Home Affairs.
- During the period, all translation work and Hindi typing work relating to Annual Reports, Technical Reports, C&AG Audit Paras, MoUs, Reports on SC/ST, RTI, Reservation policy, Standing orders, Product Profiles, Advertisement Materials and standard forms were attended to with full efficiency and dedication.
- All the sign boards outside the premises of the Company displayed tri-lingually i.e. Kannada (Regional Language), Hindi and English and the name plates which are displayed within the premises of the Company are also in tri-lingual form.
- A session on “Official Language Policy” is included in all in-house training programmes.
- Hindi Library is functioning in Corporate Office with good number of Hindi Books and Hindi periodicals. Hindi Dictionaries, Administrative Glossaries, Help-literature are supplied to the staff to encourage them to do official work in Hindi.
- Website of BEML is made available in Hindi also.

AWARDS

- BEML won Safety Award 2012 under very large engineering industries category conducted by Department of Factories and Boilers, Government of Kerala for its Palakkad Complex.

MANPOWER

The manpower strength as on 31.03.2013 stood at 11,005 as against 11,644 of the previous year.

Representation of SC/ST & Ex-Servicemen category-wise as on 01.01.2013 and recruitment

Representation of SC/ST/Ex-Servicemen as on 01.01.2013

Category / Group	Total Strength As on		No. of SC/ST and Ex-servicemen					
			Scheduled Caste		Scheduled Tribe		Ex-Service Men	
	1.1.2012	1.1.2013	1.1.2012	1.1.2013	1.1.2012	1.1.2013	1.1.2012	1.1.2013
Group-A	1433	1542	221	256	43	48	8	10
Group-B	1327	1348	238	237	72	97	7	10
Group-C	8716	8213	1881	1751	332	336	328	316
Group-D	50	34	22	18	4	4	-	-
Total	**11526**	**11137**	**2362**	**2262**	**451**	**485**	**343**	**336**

Recruitment during 2012

Group	*General*	*OBC*	*SC*	*ST*	*EX-S*	*TOTAL*
A	27	10	11	5	-	53
B	76	53	29	14	10	182
C	40	121	48	30	59	298
D	-	-	-	-	-	-
TOTAL	**143**	**184**	**88**	**49**	**69**	**533**

HUMAN RESOURCES DEVELOPMENT & INDUSTRIAL RELATIONS

The HR Department identified several thrust areas for continuously updating technical / professional knowledge and skills of employees and brings about attitudinal changes in fostering a performance driven work culture in all areas of operations particularly at shop floors. During the year, the Company organized several in-house and external training programs covering 26,755 man-days.

The overall industrial relation situation in the Company was cordial during the year.

CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABLE DEVELOPMENT (SD) ACTIVITITES

CSR and SD are a modern philosophy which states that all individuals and organizations are obligated to help the community at large, while preserving its environment. This is typically an active effort involving acting on a social issue or prevention of committing harmful acts to the environment. Social responsibility is an idea that has been of concern to mankind for many years. Over the last two decades, however, it has become of increasing concern to the business world. In the past, businesses primarily concerned themselves with the economic results of their decisions. However, today businesses must also reflect on the legal, ethical, moral and social consequences of their decisions. This has resulted in the concept of CSR and SD.

BEML being the one to inculcate good practices has envisioned 'to commit for enhanced value-creation for the society, shareholders, other stakeholders, and the communities by taking–up activities and initiatives for sustainable growth for the society, with environmental concern'. In this endeavour, the Company has undertaken various activities like Community Development, Promoting Excellence in areas like Education, Sports, Science, Technology Environment Management, Preserving National Heritage and Culture and others.

BEML recognizes that effective management of social and environmental risks can improve its business performance. This realization has led to increased importance towards managing its social and environmental performance as part of its fiduciary responsibility. Towards this endeavour, BEML has a structured committee from the Division level to the Sub-Committee level to guide and monitor the successful identification and implementation of the projects in line with the MoU guidelines. The CSR Sub-Committee at the corporate level is headed by Director-HR and the SD Committee headed by an Independent Director.

There are several on-going CSR and SD activities undertaken by BEML and one of them is setting up of a new Wind Mill project with 18 MW capacity at Bagalkot which is under process and in the direction of being self-sufficient. With the implementation of this project, 90% of BEML's requirement of energy will be met and also to mitigate the quantum of Carbon deposits. The Company through its Windmill at Bagalkot has mitigated the emission of 7847 Tons of Carbon dioxide for the current year.

A few of the important projects successfully completed for the year 2012-13 towards fulfilling its obligations and achieving its benchmarked goals in the area of CSR are as follows :

- The Company has established 8 Nos. of Borewells to supply drinking water to BGML Township at the cost of ₹49.83 Lakhs for providing safe and clean drinking water to the people of BGML Township.

- The Company has provided vocational training to 52 persons of the employees' dependants and the local population in areas such as Para Medical, Tailoring, Computer application, Typing, Shorthand, Music/ Dance courses etc., for gainful employment.

- The Company in order to provide medical facilities to the Ex-BGML employees and their families is conducting free medical camps on regular basis in addition to distributing free medicines. For the year 2012-13, the company has conducted 112 Mobile Medical camps for providing medical services to BGML Township at KGF.

- The Company adhering to its responsibility towards protecting and preserving its environment has through the years has been creating 'Green Belts' in and around its area of operations and its immediate community. For the present year, the Company has planted / distributed around 15000 saplings in & around all its Divisions / Complexes.

- The Company has sponsored an amount of ₹30,000/- to the Society for Disability and Rehabilitation Studies (New Delhi) for organizing a 3-day National Congress on “Disability, Barrier-Free Campus and Higher education in India” under CSR Activity.

- The Company has envisaged 'Five year CSR Plan' and 'Long Term Sustainable Development Plan' in line with its policy and the MoU guidelines to ensure fulfilling its responsibility to the society in the long run.

In addition to the above, there are several CSR & SD projects that the Company has been carrying out as an on-going process. A few of the on-going projects are listed as follows:

- BEML runs one Junior College and two Nursery Schools at KGF and one at Bangalore. These institutions, although meant primarily for the children of employees also caters to a large extent to the local population. The company has been spending an amount of ₹144 lakhs (approx) per year, towards running of these institutions.

- In addition, BEML runs a Kendriya Vidyalaya project school at KGF, for the benefit of the employees' children and also for the local population. The Company has provided School building, Furniture & other infrastructure, Attender for Mid-day meal programme and night watchmen.

- The Company has sponsored a scheme for award of Scholarship to the SC/ST students pursuing full time undergraduate Engineering course in Engineering Institutions all over the country. The scheme also aims at providing employment to students who successfully complete the Engineering programme.

- As a unique Corporate initiative, Company has introduced a scheme wherein, such of the students who could not pursue further education, after X/XII Std viz., ITI, Diploma etc., but have the requisite aptitude are being considered for specific training with requisite emoluments in BEML through enrollment in training schemes tailored to suit BEML's requirements.

- Environmental Pollution control measures such as effluent treatment plants have been constructed inside the factory premises of the Production Units for treatment of domestic / industrial effluents. Further, treatment plants / oxidation ponds for treatment of natural process of treating effluents have been installed in various locations inside the factory and township. Treated effluent water is being utilized by the Landscaping Department in the production unit.

- Artificial tanks have been constructed in Manufacturing Complexes to harvest rain water, restrict soil erosion and to raise ground water level. Storage yard facility for Hazardous waste at salvage stores at Division is constructed as per ISO 14001 requirements.

- The Company has extended all help and support to the Labour Welfare Funds functioning in the production units for the benefits of Employees, their dependants and local population. The LWF conducted training programmes in Tailoring, Computer, Typing / Shorthand course, Diploma course in Laboratory Technology, Job Oriented Courses, Music / Dance classes, spoken English Course, Summer camps for art / painting and sports and various entertainment activities.

Corporate Social Responsibility and Sustainable Development are vital elements for maintaining high ethical standards and to realize the bottom-line benefits in all the business processes of the Company. The Company for the future is expected to have undergone significant transformation such that CSR no longer becomes managed as a separate deliverable, but is part of the experience of being an employee in an organization that lives its values. Therefore, your Company will remain firmly committed and will continue in its endeavor for fulfilling its social obligation to its community and society at large by incorporating CSR and SD in all its business processes.

ENVIRONMENT AND POLLUTION CONTROL

In order to protect the environment in and around the factory premises/township, tree plantation were undertaken. Saplings of various types of avenue tree/flower bearing trees were planted in the vacant lands belonging to the Company for maintaining ecological balance in the surrounding areas. Further, measures have also been taken to protect the existing flora and fauna from any basic interference.

Effluent treatment plants have been constructed inside the factory premises of the production units for treatment of domestic/industrial effluents. Further, treatment plants/oxidation ponds for treatment of natural process of treating effluents have been installed in various locations inside the factory and township. Treated effluent water is being utilized by the Landscaping Department in the production unit. Artificial tanks have been constructed in Manufacturing Complexes to harvest rain water, restrict soil erosion and to raise ground water level. Storage yard facility for Hazardous waste at salvage stores in the divisions is constructed as per ISO 14001 requirements.

In a bid to harness renewable energy, the Company commissioned a 5 MW Wind Mill during the year 2007-08 in Gadag District of Karnataka. The energy generated by the plant is fed into the KPTCL grid and sold to Hubli Electricity Supply Co. Ltd., and as of 31.03.2013, 513 lakh kWh power has been generated enabling green house gas reduction. Further, your company is setting up an additional 18 MW Wind Mill Farm to develop green energy towards being self-sufficient on power requirements.

ENERGY CONSERVATION

The Company continues to give emphasis on conservation of energy. The efficiency of energy utilization is closely monitored to attain higher level of effective conservation. Some of the measures adopted during the year for energy conservation are:

a) Replacement of 40 Inverter welding sets (18kw) in place of old type kirloskar make motor generator welding set (30kw).
b) Introduction of 2 Nos. 5000 litres capacity solar water heating system in Workers Canteen for pre-heating of water at 60 degrees centigrade.
c) Introduction of 150W metal halide high bay fitting for street lights in place of 800W HPMV lamp at various places in the unit premises.
d) Introducing 150 KVA energy saver unit for major assembly hanger high bay lights.
e) HT 135 installation surrendered and merged with HT 92 installation thereby saving fixed

charges on 1200 KVA.

f) Installation of ESD for machine ship high bay lights (half portion).

g) Replaced 35 nos. of 125 watts induction type fittings in place of 250 watts at sheet metal hangar.

h) Establishment of Solar Power Perimeter Lighting at EM Division, KGF Complex in place of high energy halogen / HPMV lamps.

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, are annexed to this report.

PARTICULARS OF EMPLOYEES

There were no employees of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, read with the Companies (Particulars of Employees) Rules, 1975.

STATUTORY AUDITORS

M/s. Padmanabhan Ramani & Ramanujam, Chartered Accountants, Chennai, were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2012-13.

Reply to the observations made in the report of the Auditors on the Accounts is given in the addendum to this report.

COST AUDITORS

Your Company has appointed M/s Rao, Murthy & Associates, Bangalore, as Cost Auditors for the year 2012-13 with the approval of Central Government for –

a) Conducting Cost Audit of 'Heavy Earth Moving Equipments' under the head 'Motor Vehicles' at KGF, Mysore and Palakkad Divisions,

b) Conducting Cost Audit of 'IC Engines' under the head 'Engineering Industries' at Engine Division, Mysore, as per the Companies (Cost Audit Report) Rules, 2011, and

c) Submitting the Compliance Report in respect of Rail Coach Division, Bangalore and Hydraulic & Power-line Division, KGF, as per the Companies (Cost Accounting Records) Rules, 2011.

DIRECTORS

The President of India shall appoint the Directors of the Company from time to time and also shall determine the terms of office of such Directors as provided under Article 97 of the Articles of Association of the Company. Accordingly, the following changes on the Board of your Company were effected during the year as per the directives of the President of India:

- Shri P.K. Kataria, Additional Financial Adviser & Joint Secretary on 13.06.2012 was appointed as Part-time Government Director in place of Dr. S.C. Pandey. However, Shri Kataria was replaced by Shri Rajnish Kumar, Additional Financial Adviser & Joint Secretary with effect from 02.08.2012.

- Shri P. Dwarakanath, who was Chairman & Managing Director (CMD) In-charge was appointed as CMD with effect from 09.10.2012. Shri Dwarakanath took charge on 10.10.2012 as CMD.

- Shri C. Balakrishnan and Shri N.P. Gupta, Ex-Secretaries to the Government of India and Shri Suhas Anand Bhat, Ex-CMD, Indian Overseas Bank were appointed as Non-official (Independent) Directors on the Board of the Company with effect from 15.10.2012 in place of Shri M.B.N. Rao, Shri J.P. Batra and Shri J.P. Singh, who ceased to be Independent Directors with effect from 07.07.2012.
- Shri P.K. Mishra, Joint Secretary (Electronic Systems), Department of Defence Production, MoD, was appointed as Part-time Government Director with effect from 02.11.2012 in place of Smt. Rashmi Verma.
- Shri D K Hota was appointed as Director (HR) with effect from 01.07.2013 in place of Dr. M. Nellaiappan.

The Board placed on record its deep appreciation of the valuable services rendered by Dr. S.C. Pandey, Shri P.K. Kataria, Shri M.B.N. Rao, Shri J.P. Batra, Shri J.P. Singh, Smt. Rashmi Verma and Dr. M. Nellaiappan.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm:

i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure ;

ii) that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2013 and of the profit of the Company for the year ended on that date ;

iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and

iv) that the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors express their hearty thanks to the Company's valued customers, in particular Defence Services, M/s Coal India Limited and its Subsidiaries, M/s. Singareni Collieries Company Limited, Railway Board, M/s Steel Authority of India Limited, M/s Delhi Metro Rail Corporation, M/s Bangalore Metro Rail Corporation and M/s Jaipur Metro Rail Corporation for their patronage and confidence in the Company. The Directors also acknowledged and thanked all collaborators, vendors and other service providers for their valuable assistance and cooperation extended to the Company.

The Directors express their appreciation to the members of Consortium of Banks and other Bankers of the Company and Financial Institutions for their continued support to the Company's operations. The Directors also thank all the shareholders / investors for reposing continued confidence in the Company.

The Directors wish to thank the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board and Statutory Auditors for their valued co-operation.

The Directors also gratefully acknowledge the valuable support and assistance received from various Ministries of Government, in particular Ministry of Defence, Ministry of Coal, Ministry of Mines, Ministry of Steel, Ministry of Railways and the Ministry of External Affairs. The Directors are also grateful to the Government of Karnataka and Kerala for the support and co-operation extended to the Company.

Your Directors take this opportunity to place on record their appreciation for the invaluable contribution made and excellent co-operation extended by the employees and executives at all levels for the continued progress and prosperity of the Company.

For and on behalf of the Board of Directors
Sd/-
P. Dwarakanath
Chairman & Managing Director

Bangalore
29.05.2013

FORM - A (See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

		Current year 2012-13	*Previous year* 2011-12
(A)	**POWER AND FUEL CONSUMPTION**		
1)	ELECTRICITY		
	a) Purchased :		
	Units (kwh)	**34918084**	40738330
	Total Amount	**230538143**	229727220
	Cost / Unit (₹)	**6.60**	5.64
	b) Own Generation :		
	i) Through Diesel Generator		
	Units (Kwh)	**1443051**	1648111
	Units per ltr. of Diesel oil (Kwh)	**0.03**	0.03
	Cost/Unit (₹)	**14.54**	13.24
	ii)Through Steam Turbine/Generator		
	Units (Kwh)	**-**	-
	Units per ltr. of fuel oil / gas (Kwh)	-	-
	Cost/Unit (₹)	-	-
2)	COAL (Specify Quality & where used)		
	Quantity (Tonnes)	-	-
	Total Cost (₹)	-	-
	Average Rate (₹)	-	-
3)	FURNACE OIL (Diesel for Boiler)		
	Quantity (Kilo Litres)	**42218**	**47270**
	Total amount (₹)	**2110900**	**2174512**
	Average Rate (₹)	**50.00**	**46.00**
4)	OTHERS / INTERNAL GENERATION		
	Quantity (Diesel in ltrs.)	**1636000**	1188000
	Total Cost (₹)	**7462920**	9476760
	Average Rate (₹)	**4.56**	7.98
(B)	**CONSUMPTION PER UNIT OF PRODUCTION**		
	Products (with details) unit	**948**	**1521**
	Electricity	**21193**	**18427**
	Furnace Oil	-	-
	Coal (specify quality)	-	-
	Diesel in litres	**375**	**295**
	Others (specify)	-	-

Form B

Absorption disclosure particulars with respect to technology :

RESEARCH & DEVELOPMENT (R&D):

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY:

The R&D at BEML has designed and developed number of high technology products and aggregates for Construction & Mining, Rail & Metro and Defence sectors as per customer requirements without any collaboration and the same have been manufactured and launched for customer trials.

Depending on the sectoral needs for the year 2012-13 R&D, BEML has launched the following products / projects:

Mining & Construction :

a) BE1800E - 180 ton - Electrical Excavator
b) BH150E - 150 ton - Electric Dump Truck

Metro & Rail :

c) Design and development of Metro Cars for Jaipur City

2. BENEFITS DERIVED AS A RESULT OF ABOVE R&D:

Major R&D initiatives have enlarged the product range and also provide latest technology for the existing products that enables Company to retain the existing customers, increase the market share and enter new markets. These new initiatives have enhanced the skill sets, knowledge, expertise and induced confidence in taking up new challenges that are arising from time to time.

(a) <u>180 ton Electrical Excavator, BE1800E :</u>

BEML BE1800E electrical excavator is packed with leading-edge technologies and offers a host of advantages including superior controllability, mobility, durability, maintainability and operator's comfort apart from low operating cost. The electrical excavator is cost-efficient and emission-free alternative to the engine-driven excavator. This electrical excavator is offered with proven systems/assemblies viz., hydraulic system, undercarriage and front work attachment to enhance operational efficiency, serviceability and availability. The equipment is tested thoroughly and fine-tuned for optimized performance and ready for customer trails.

(b) <u>150 ton Electric Dump Truck, BH150E :</u>

BH150E is a 150 ton class electric dump truck on par with international standards to cater domestic and international customers. It is equipped with Electronic engine along with reliable Electrical Drive System. The equipment is successfully designed, developed and tested thoroughly and fine-tuned for optimized performance. With the above achievement, BEML has become the 6th OE Electric Dump Truck manufacturer in the World.

(c) <u>Design and Development of Jaipur Metro cars:</u>

The R&D, Bangalore Complex have successfully designed and developed the Metro Cars for Jaipur Metro city against the order from DMRC for 40 Metro cars. For the first time in the country, BEML has designed and developed the metro trains without any collaboration with a foreign firm.

The Jaipur Metro Cars are state-of-the-art stainless steel crashworthy cars fully air-conditioned with aesthetic GRP interiors, automatic doors providing maximum comfort and safety to the passengers. The cars are driven by state-of-the-art IGBT based, 3 phase propulsion system.

The Bogie to negotiate 120m curves was designed to suit the track parameters and the dynamic requirements of technical specification. The static and fatigue tests are carried out as per UIC standards.

3. FUTURE PLAN OF ACTION :

One of the key objectives of R&D is product diversification. Keeping in mind the future trends in technology in line with changing business scenario, R&D has in place, plan of action to take up a number of projects with enhanced allocation of resources. To achieve this, R&D infrastructure and resources are being continuously strengthened/upgraded as needed, to handle the latest technologies effectively.

BEML R&D, has planned to develop a series of products / aggregates covering all the three business segments i.e., Mining & Construction, Rail & Metro and Defence in the coming years.

4. EXPENDITURE ON R&D FOR 2012–13 :

Company has spent ₹94.36 crores on R&D during 2012-13 which is about 2.87% of the turnover as shown below:

Capital	7.36
Revenue	87.00
Total	94.36
As % of Turnover	2.87

The Company committed to spend 1.75% of the turnover for the year 2011-12 towards R&D during FY 2013-14 for technology up-gradation and new product development as per MoU Guidelines.

5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts made and benefits derived in brief towards technology absorption, adaptation and innovation are :

- ❖ Acquisition and Absorption of new technologies
- ❖ Faster and newer introduction of competitive product
- ❖ Import Substitution
- ❖ Customer satisfaction and Business growth
- ❖ Indigenization and standardization

Future Plan of Action:

Infrastructure established for indigenization of components for Metro cars and some of the Defence products. Scanning and identification of technology / partners for mining and construction products including higher capacity Dump Trucks, Dozers and Loaders with state-of-the-art features in line with major global competitors.

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

At BEML, Senior Management initiates the governance standards and ensures that it is percolated throughout the organization. Your Company firmly believes in the importance of ethics among the employees and strives to develop a work culture that fosters accountability, fairness, integrity and transparency in its dealings, while keeping the whole structure of the Company more responsible towards enhancing the trust of all stakeholders, whether it is majority or minority.

Your Company has a Code of Conduct for its senior management personnel, i.e., Directors, Executive Directors and Chief General Managers, which is available on the Company's official website. Your Company has also in place a Policy on Code of Conduct for Prevention of Insider Trading.

Your Company is in compliance with the requirements of the Corporate Governance stipulated under Clause 49 of the Listing Agreement and the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises (DPE Guidelines on Corporate Governance).

2. BOARD OF DIRECTORS

(i) Composition:

Your Company has a balanced mix of Executive and Non-Executive Directors, in line with Clause 49 of Listing Agreement and DPE Guidelines on Corporate Governance. As at 31.03.2013, the Board consisted of 5 Functional Directors including the Chairman & Managing Director, 2 Part-time Government Directors and 8 Non-official (Independent) Directors. The Chairman & Managing Director has been given additional charge of the post of Director (Rail & Metro Business) with effect from 01.11.2012.

(ii) Meetings and Attendance:

During the year, 8 meetings of the Board were held on 18.04.2012, 18.05.2012, 31.05.2012, 29.06.2012, 06.08.2012, 14.09.2012, 09.11.2012 and 08.02.2013. Requirements on number and frequency of meetings were complied with in full.

The details of attendance of the Directors at the Meetings of Board, Annual General Meeting (AGM) and the number of directorships / committee memberships held by them in Companies other than BEML, during the aforesaid period are given below:

Sl. No.	*Name of the Director (Director Identification No.)*	*Attendance at board meetings/ Total meetings after appointment as Director*	*Whether attended last AGM (Yes/No)*	*No. of other director-ships held*	** Number of Committee memberships across all companies*
Functional Directors :					
1	*Chairman & Managing Director* Shri P. Dwarakanath *(DIN 02107805)*	8/8	Yes	1	-
2	*Director (Finance)* Shri M. Pitchiah *(DIN 01178891)*	8/8	Yes	2	-

3	*Director (HR)* Dr. M. Nellaiappan *(DIN 00154503)*	7/8	Yes	-	-
4	*Director (Mining & Construction Business)* Shri. C N Durgesh *(DIN 03487810)*	8/8	Yes	3	-
5	*Director (Defence Business)* Shri P R Naik *(DIN 03579729)*	8/8	Yes	-	-
6	*Chairman & Managing Director* Shri V RS Natarajan[1] *(DIN 00074698)*	3/3	N.A	3	-
Part-time Government Directors :					
7	Shri P K Mishra[2] *(DIN 02889348)*	1/2	N.A	1	-
8	Shri Rajnish Kumar[3] *(DIN* 06368293*)*	1/4	No	-	-
9	Dr S C Pandey[3] *(DIN 01613073*	2/3	N.A	-	-
10	Shri P K Kataria[3] *(DIN 03175921)*	0/1	N.A	3	-
11	Smt Rashmi Verma [2] *(DIN 01993918)*	4/6	No	-	-
Non-official (Independent)Directors :					
12	Dr. (Smt) Rekha Bhargava *(DIN 03334237)*	8/8	Yes	-	-
13	Lt. Gen. (Retd.) Noble Thamburaj *(DIN 03164029)*	4/8	No	-	-
14	Shri. Kanwal Nath *(DIN 02520307)*	8/8	Yes	-	-
15	Shri. Ramesh Bhat *(DIN 01958539)*	3/8	No	3	-
16	Prof. S. Sadagopan *(DIN 00118285)*	6/8	No	4	-
17	Shri C Balakrishnan[4] *(DIN 00040416)*	2/2	N.A	1	-
18	Shri Suhas Anand Bhat[4] *(DIN* 01627074*)*	2/2	N.A	2	-
19	Shri N P Gupta[4] *(DIN 02548988)*	2/2	N.A	2	-
20	Shri M B N Rao[5] *(DIN 00287260)*	2/4	N.A	14	10
21	Shri J P Singh[5] *(DIN 02782928)*	4/4	N.A	1	1
22	Shri J P Batra[5] *(DIN 00654332)*	4/4	N.A	1	-

* As per Clause 49, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee are only reckoned with.

1. Cessation of office w.e.f.11.06.2012 pursuant to MoD directive
2. Change in Non-official Government Director w.e.f.02.11.2012
3. Change in Non-official Government Director w.e.f. 02.08.2012 i.e., Shri Rajnish Kumar in the place of Shri P K Kataria. Shri Kataria was appointed on 13.06.2012 in place of Dr S C Pandey.
4. Appointed w.e.f.15.10.2012
5. Retired on completion of tenure on 07.07.2012.

(iii) Directors retiring by rotation

Shri Kanwal Nath, Prof. Ramesh Bhat, Prof. S. Sadagopan and Shri C.N. Durgesh will be retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing AGM. Their brief resume is attached to the notice of 49th AGM. The Board commends the re-appointment of the said retiring directors.

(iv) Directors' Shareholding

None of the Directors are holding equity shares in your Company excepting Shri M. Pitchiah, who holds 15 equity shares in his personal capacity.

(v) Code of Conduct

Board of Directors of your Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company as per Clause 49(I)(D) and DPE Guidelines on Corporate Governance. The Code of Conduct has been posted on the Company's website www.bemlindia.com. Senior management personnel, i.e., Directors, Executive Directors and Chief General Managers have affirmed compliance with the Code of Conduct during the year 2012-13. A declaration to this effect signed by the Chairman and Managing Director is produced hereunder:

To the Members of BEML Limited,

I, P. Dwarakanath, Chairman & Managing Director of the Company, hereby declare that the Board of Directors and Senior Management personnel have affirmed their compliance with the Code of Conduct for the financial year ended March 31, 2013.

On behalf of the Board of Directors
Sd/-

Bangalore *P. Dwarakanath*
23.05.2013 *Chairman & Managing Director*

(vi) Prevention of Insider Trading

Pursuant to regulation 11 of the SEBI (Prohibition of Insider Trading) Regulations, 2011, your Company has adopted "BEML Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and / or sale of the securities of the Company by an insider on the basis of unpublished price sensitive information. The designated employees identified under this code, should obtain permission from the Compliance Officer to deal in securities beyond the limits specified. Periodical disclosures are also required to be made as provided under the Code to prevent the instance of insider trading.

(vii) CEO / CFO Certification

CEO / CFO Certification confirming the compliance with the terms of Clause 49(V) of the Listing Agreement has been given by Chairman & Managing Director and Director (Finance) is produced hereunder :

CEO & CFO CERTIFICATION

This is to certify to the Board of Directors of BEML Limited that :

a. *We have reviewed the financial statements and the cash flow statement for the year 2012-13 and that to the best of our knowledge and belief :*

   i. *these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;*

   ii. *these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.*

b. *There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.*

c. *We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.*

d. *We have indicated to the Auditors and the Audit committee that :*

   i. *no significant changes in internal control over financial reporting during the year;*

   ii. *significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and*

   iii. *no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.*

for BEML Limited

	Sd/-	*Sd/-*
Bangalore	*M. Pitchiah*	*P. Dwarakanath*
29.05.2013	*D(F)/CFO*	*CMD/CEO*

3. BOARD COMMITTEES:

(i) Audit Committee

The Audit Committee met six times on 18.05.2012, 29.05.2012, 05.08.2012, 08.11.2012, 18.01.2013 and 07.02.2013 and the requirement on number and frequency of meetings were complied with in full.

Members of Audit Committee and the details of their attendance in the meetings are given below:

Name of the Director	*Category*	*Attendance*
Chairman :		
Shri Kanwal Nath[1]	Non-official (Independent) Director	4/4
Shri J P Singh[1]	Non-of ficial (Independent) Director	2/2
Members :		
Shri Rajnish Kumar[2]	Part-time Government Director	2/3
Dr.(Smt.) Rekha Bhargava[3]	Non-official (Independent) Director	4/4
Lt. Gen. (Retd.) Noble Thamburaj	Non-official (Independent) Director	4/6
Prof Sadagopan[3]	Non-official (Independent) Director	4/4
Shri C N Durgesh[4]	Functional Director	3/3
Dr. S C Pandey[2]	Part-time Government Director	1/2
Shri M B N Rao[3]	Non-official (Independent) Director	1/2
Shri J P Batra[3]	Non-official (Independent) Director	2/2
Shri P Dwarakanath[4]	Functional Director	2/2

1. Appointed w.e.f. 31.05.2012 in place of Shri J P Singh.
2. Appointed w.e.f. 06.08.2012 in place of Dr S C Pandey
3. Appointed w.e.f. 31.05.2012 in place of Shri M B N Rao and Shri J P Batra.
4. Appointed w.e.f. 06.08.2012 in place of Shri P Dwarakanath

The terms of reference of the Audit Committee are as specified in Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and the DPE Guidelines on Corporate Governance.

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 48th AGM for replying to the queries relating to the accounts of the Company.

(ii) Remuneration Committee

Pursuant to the provisions of Chapter 5 of the DPE Guidelines on Corporate Governance, the Remuneration Committee of the Board is constituted as under:

S.No.	*Name of the Director*	*Category*
Chairman :		
1	Smt Rekha Bhargava	Non - official (Independent) Director
Members :		
2	Shri Kanwal Nath	Non - official (Independent) Director
3	Prof. S. Sadagopan	Non - official (Independent) Director
4	Shri M Pitchiah	Functional Director
5	Dr. M. Nellaiappan	Functional Director

The terms of reference include establishment and administration of employee compensation and benefit plans and such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

(iii) Share Transfer Committee

Share Transfer Committee is constituted with the following members for attending to the requests of members for Transfer/ transmission of shares, issue of duplicate share certificates, demat and remat of shares, etc.:

S.No.	*Name of the Director*	*Category*
Chairman :		
1	Dr. M. Nellaiappan	Functional Director
Members :		
2	Shri M. Pitchiah	Functional Director
3	Shri C. N. Durgesh	Functional Director

Share Transfer Committee held nine meetings during the year. Company Secretary acts as the Compliance Officer under the Listing Agreement.

(iv) Shareholders / Investor Grievance Committee

Investor Grievances Committee constituted in terms of clause 49(IV)(G)(iii) is responsible for Investor relations and redressal of shareholders grievances relating to non-receipt of balance sheet, non-receipt of dividend declared, delay in transfer / transmissions, etc.

The Committee consists of following directors:

S.No.	Name of the Director	Category
Chairman :		
1	Lt. Gen (Retd.) Noble Thamburaj	Non -official (Independent) Director
Members :		
2	Dr. M. Nellaiappan	Functional Director
3	Sh ri M Pitchiah	Functional Director

Company Secretary acts as the Compliance Officer under the Listing Agreement.

The Company has designed an exclusive e-mail ID **investorgrievance@beml.co.in** to enable Investors to register their complaints, if any. The Company strives to reply to the complaints within a period of 3 working days.

No. of complaints received: 43
No. of complaints resolved: 43

There were no complaints pending resolved at the beginning / end of the year.

(v) Sustainable Development Committee

In terms of DPE Guidelines on MoU, the Sustainable Development Committee has been constituted to examine the proposals for approval of Sustainable Development Plan and the allocation of funds for individual projects.

The Committee consists of following directors:

S.No.	Name of the Director	Category
Chairman :		
1	Shri Kanwal Nath	Non -official (Independent) Director
Members :		
2	Dr. M. Nellaiappan	Functional Director
3	Shri C. N. Durgesh	Functional Director

4. REMUNERATION OF DIRECTORS

Your Company being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government communication appointing the Functional Directors indicate the detailed terms and conditions of their appointment including a provision for the applicability of the relevant rules of the Company.

Details of Remuneration paid to Functional Directors during the year 2012-13:

Name of the Director	*Salary*	*Benefits*	*PF Contri-bution*	*Perqui-sites*	*Total Amount ₹*
Shri P. Dwarakanath *Chairman & Managing Director*	1789812	992474	214778	33558	3030622
Shri M. Pitchiah *Director (Finance)*	1749731	771794	209968	377351	3108844
Dr. M. Nellaiappan *Director (HR)*	1717862	782295	206145	98151	2804454
Shri C N Durgesh *Director (Mining & Construction Business)*	1675811	537799	201097	151812	2566519
Shri P R Naik *Director (Defence Business)*	1602744	892038	192327	45669	2732778
Shri V.RS. Natarajan* *Chairman & Managing Director*	649132	1024286	43146	161616	1878180

**Part of the year*

Part-time Government Directors are not paid any remuneration. They are also not paid sitting fee for attending Board/Committee meetings. Further, none of the Part-time Government Directors had any pecuniary relationship or transactions with the Company during the year.

Non-official (Independent) Directors are paid sitting fee of ₹20,000 per meeting of the Board/Committee of the Board attended and if they, attend more than one meeting (Board / Committee) on the same day, the sitting fee payable for each of such additional meeting is ₹10,000. Details of sitting fees paid to the Non-official (Independent) Directors during the year 2012-13 are given below:

Name of the Director	*Sitting fee for the meeting(s) of*		*Total Amount ₹*
	Board	*Committee*	
Dr. (Smt) Rekha Bhargava	1,60,000	90,000	2,50,000
Lt. Gen. (Retd.) Noble Thamburaj	80,000	1,20,000	2,00,000
Shri Kanwal Nath	1,60,000	1,40,000	3,00,000
Prof. Ramesh Bhat	60,000	-	60,000
Prof. S. Sadagopan	1,20,000	3,30,000	4,50,000
Shri. C Balakrishnan	40,000	-	40,000
Shri.Suhas Anand Bhat	40,000	-	40,000
Shri. N P Gupta	40,000	-	40,000
Shri M. B. N. Rao	40,000	20,000	60,000
Shri J. P. Singh	80,000	50,000	1,30,000
Shri J. P. Batra	80,000	50,000	1,30,000

Neither there was payment of commission to Directors nor any stock option scheme offered to them during the year.

5. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as follows:

Year	*Location*	*Date & Time*
2011-12	API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore	14.09.2012 at 10.30 hrs
2010-11	The Grand Ball Room, The Chancery Pavilion, Residency Road, Bangalore	29.08.2011 at 10.30 hrs
2009-10	BEML Kalamandira, Bangalore	13.08.2010 at 10.30 hrs

During the last three years, no special resolution was passed. No resolution was put through postal ballot during the year under review.

6. DISCLOSURES

a) During the year, no materially significant related party transactions have been entered into by the Company with the directors or management or their relatives that may have a potential conflict with the interest of the Company. Details of related party transactions as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India is given in Note No.31(C)(II) of the Notes forming part of Accounts. All the transactions covered under related party transactions were fair, transparent and at arms length basis.

b) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

c) The Company has complied with all the mandatory requirements under Clause 49 of the Listing Agreement.

7. MEANS OF COMMUNICATION

a) The Quarterly, Half-yearly and Annual financial results of the Company are sent to the Stock Exchanges by e-mail immediately after the same are taken on record by Board.

b) Financial results of the Company are normally published in a leading National Daily and a Kannada daily in Bangalore and are simultaneously posted on the Company's website www.bemlindia.com.

c) BEML NEWS & BEML BLITZ, News journals brought out periodically are sent to the Stock Exchanges promptly.

d) Corporate announcements and press releases are promptly notified to the Stock Exchanges.

e) Investors, analysts and the representatives of brokers are frequently meeting the top management for the first hand information on the performance of the Company.

f) Company's Corporate Website:

The website of the Company, www.bemlindia.com gives comprehensive information including the management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Financials' informs the shareholders/investors, by giving complete financial results, shareholding pattern and information relating to Share Transfer Agents.

8. GENERAL SHAREHOLDER INFORMATION

(i) The Forty-Ninth Annual General Meeting for the year 2012-13 is scheduled on Friday, the 13th September, 2013, at 10.00 hours at API Bhavana, #16/F, Millers Tank Bed area, Vasanthanagar, Bangalore - 560052.

(ii) Our tentative calendar for declaration of results for the financial year 2013-14 is given as below:

For the quarter ending June 30,2013	On or before 08.08.2013
For the quarter ending September 30,2013	On or before 08.11.2013
For the quarter ending December 31,2013	On or before 14.02.2014
For the year ending March 31,2014	On or before 30.05.2014
50th Annual General Meeting	On or before 27.09.2014

(iii) The books shall remain closed from 10.09.2013 to 13.09.2013 (both days inclusive).

(iv) Your Board of Directors has recommended dividend of ₹2.50 per share on the equity shares of ₹10 each (par value) for the year ended March 31, 2013. Dividend, if approved at the 49th annual general meeting, dividend warrants will be despatched to the shareholders within the due date.

(v) Your Company's equity shares are listed on the following stock exchanges :

Bombay Stock Exchange Limited ('BSE')
National Stock Exchange of India Limited ('NSE')

Listing fee has been paid to the respective Stock Exchanges.

Company's equity shares were delisted from the Bangalore Stock Exchange Limited with effect from 15.01.2013.

(vi) Stock Code:

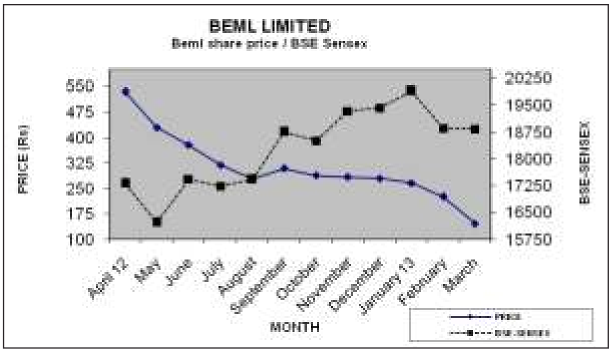
Bombay Stock Exchange	500048
National Stock Exchange	BEML

(vii) Custodial Fees to Depositories :
Your Company has paid custodial fees for the year 2013-14 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(viii) Market Price Data:
The details of high / low market prices of the shares of the Company during each month on BSE and NSE are as under:

Month	*BSE (₹Per Share)*		*NSE (₹Per Share)*	
	High	*Low*	*High*	*Low*
April 2012	644	520	660	519
May	541	412	542	412
June	425	365	423	365
July	414	311	414	306
August	329	270	329	270
September	323	270	323	271
October	339	287	338	287
November	300	271	300	270
December	333	278	333	275
January 2013	292	263	291	262
February	271	223	271	223
March	226	136	226	136

(ix) Performance in comparison to broad-based - BSE Index (basis: last trading day of the month)



(x) Registrar and Transfer Agent:
M/s Karvy Computershare Private Limited, a SEBI registered Category-I Registrar & Share Transfer Agent, is the Company's Share Transfer Agent (STA).

The address of the STA is as under:
M/s Karvy Computershare Private Limited
P.No.17-24, Vittalrao Nagar
Madhapur, Hyderabad – 500081
Tel : 040-44655000, Fax : 040-23420814
Toll Free No. : 1800-3454-001
E-mail : nageswara.raop@karvy.com,
einward.ris@karvy.com
Website : www.karvy.com

(xi) Share Transfer System
For shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, shareholders should approach their respective depositary participant (DP) with a request to debit or credit the account for the transaction. The DP will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to either the Company or STA. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc. the shareholders should communicate with the STA.

(xii) Distribution of shareholding as on 31.03.2013:

Range of equity shares held	*No. of shareholders*	*% to total holders*	*No. of shares*	*% to total equity*
1 - 100	63294	87.75	1878494	4.51
101- 200	4220	5.85	676949	1.63
201-500	2904	4.03	1000677	2.40
501-1000	954	1.32	748291	1.80
1001-5000	597	0.83	1229279	2.95
5001-10000	67	0.09	473026	1.14
10001 and above	96	0.13	35637784	85.58
TOTAL	**72132**	**100.00**	**41644500**	**100.00**

(xiii) Shareholding pattern as on 31.03.2013

Category	No. of Shares	% to equity
Promoters		
The President of India	2,25,00,000	54.03
Institutional Investors		
Mutual Funds	4493650	10.79
Banks / Financial Institutions / Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	5855515	14.06
FIIs	858278	2.06
Others		
Private Corporate Bodies	2327481	5.59
Indian Public - Individual	4860265	11.67
NRIs / OCBs	461715	1.11
Others – HUF, Trusts & Clearing Members	287596	0.69
TOTAL	**4,16,44,500**	**100.00**

(xiv) Details of Shares held in Unclaimed Suspense Account

Your Company made FPO during 2007 and certain shares could not be transferred to investors due to reasons such as incomplete / wrong / invalid Demat Account details, etc. These unclaimed shares are kept in a separate Suspense Account, in terms of Clause 5A(I) of the Listing Agreement and will be transferred to the rightful holders as and when they approach the Company / STA. The voting rights on these shares shall remain frozen till the rightful owners of such shares claim the shares ;

Particulars	*No. of Shareholders*	*Number of Equity Shares*
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 01.04.2012	18	255
Number of shareholders who approached the Company for transfer of shares fro m the unclaimed suspense account during the year	--	--
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	--	--
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31.03.2013	18	255

(xv) Dematerialization of shares and liquidity:
The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As of 31.03.2013, 99.49% of the equity shares of the Company are in electronic form. The Company's shares are being traded under International Securities Identification Number (ISIN) - INE258A01016.

The Equity Shares of the Company are traded on the Stock Exchanges only in dematerialized form. Considering the advantages of scrip less trading including enhanced marketability of the shares and security of the investments, shareholders holding shares in physical form are requested to consider dematerializing their shareholding so as to avail the advantages of dematerialisation of shares.

(xvi) There are no outstanding GDRs/ ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

(xvii) Listing of Debt Securities :

3000 Secured Redeemable Non-convertible Debentures of face value of ₹10 lakhs each aggregating to ₹300 crores as allotted by the Board on 18.05.2012 on private placement basis to M/s Axis Bank Ltd are listed on BSE Debt Segment with effect from 02.07.2012.

(xviii) Plant Locations:

1. Bangalore Complex, New Thippasandra Post, Bangalore – 560 075.
2. KGF Complex, BEML Nagar, Kolar Gold Fields – 563 115.
3. Mysore Complex, Belavadi Post, Mysore – 571 186.
4. Palakkad Complex, Kinfra Park, Kanjikode, Palakkad – 678 007

(xix) Address for correspondence with the Company:

Company Secretary,
M/s BEML Limited,
BEML Soudha, No. 23/1, 4th Main,
S.R. Nagar, Bangalore – 560 027,
Karnataka State, India.

(xx) Other information useful for Shareholders:

(a) National Electronic Clearing Service / Mandates / Bank Details:

Shareholders may note that Bank Account details given by them to their Depository Participants (DP) would be used for payment of dividend under National Electronic Clearing Service facility. Shareholders are advised to ensure that their banking particulars are properly recorded in the DP account for timely crediting of dividend payments made by the Company.

(b) Green Initiative:

As part of the Green Initiative, the Ministry of Corporate Affairs (MCA), Government of India, has permitted companies to send official documents to their shareholders electronically. The Company has already embarked on this initiative.

In accordance with MCA Circular No.17/ 2011 dated 21.04.2011, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA/ DP. This would enable the Company to send notices and documents to the shareholders through email. There are about 38499 shareholders consented to receive the notice, annual reports, etc., in e-mode.

We are confident that the shareholders will appreciate the "Green Initiative" taken by MCA and more and more would give consent for this noble cause of saving mother earth with 'green cover'.

(c) Unclaimed Dividends:

Under the provisions of the Companies

Act, 1956, any amount that remains unclaimed in the Unpaid Dividend Account of the Company for a period of 7 years from the date of transfer to the said account, has to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Accordingly, all the unclaimed dividend amounts declared prior to 28.09.2006 were transferred to IEPF. No claims shall lie against the said Fund or the Company for the amounts of dividend so transferred after expiry of the said seven years.

As regards the dividend declared at the Annual General Meeting held on 28.09.2006 for the year 2005-06 remaining unclaimed will be transferred to IEPF during November, 2013. Members who have not encashed the dividend warrants issued by the Company may write to the Company and follow the procedure for claiming such unpaid dividend amount.

9. NON-MANDATORY REQUIREMENTS:

Besides the mandatory requirements as mentioned in preceding paragraphs, the status of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is placed below:

(i) The Board : Independent Directors are appointed for a tenure not exceeding a period of nine years. Further, they are highly qualified and have relevant experience in their respective field of expertise which would be of use to the Company.

(ii) Remuneration Committee : Please refer Para 3(ii) of this report.

(iii) Training to Board Members : The new Board members are provided with the necessary documents, brochures and reports to enable them to familiarize with the Company's business model, procedures and practices. Further, as per the DPE Guidelines on Corporate Governance, a policy for training of new Board members has been formulated. Accordingly, the Board members are nominated for various outside training programmes from time to time.

(iv) Whistle Blower Policy : "Drop Boxes" have been kept at various places in the Company, wherein employees and others could report to the Vigilance Branch, concerns, if any, about unethical behavior, actual or suspected fraud, etc., and the complaints so lodged are reviewed by Vigilance Department and necessary action as deemed fit is taken, while protecting the identity of the complainants periodically.

a) Industry structure and developments:

The Company is a Mini Ratna Category – I Public Sector Undertaking under the control of Ministry of Defence, operating in three distinct business segments namely Mining & Construction, Defence & Aerospace and Rail & Metro.

Organization:

The three major Business verticals viz. Mining & Construction, Defence and Rail & Metro which are headed by respective Business Group Director. The Technology Division provides solutions in Auto, Aero, Defence and Rail & Metro related areas and the Trading Division deals in non-Company products. The International Division exports products manufactured by all the three verticals. Strategic Business Units (SBUs) and Product Heads are also set up under each of the above businesses to increase organizational effectiveness. The Company's manpower strength stands at 11005 as of end March 2013.

Production Units:

The Company has nine fully integrated manufacturing units located at Bangalore, Kolar Gold Fields (KGF), Mysore and Palakkad and a subsidiary steel foundry functioning in Tarikere, Chikmagalur District.

Bangalore Complex: The Bangalore Complex manufactures various types of railway products such as Rail coaches, AC EMUs, DEMU's, SS EMU's, MEMU, OHE Cars etc. for Indian Railways. The Company has acquired technology for manufacture of state-of-the-art stainless steel Metro Cars and is presently supplying to DMRC, BMRCL & JMRC. The Complex also manufactures Defence products such as Pontoon Bridges, Ejector & Air Cleaner assemblies, Milrail Coaches and Military Wagons.

KGF Complex: Earth Moving Division, Hydraulics and Power line Division, Rail Unit-II and Heavy Fabrication Unit located in KGF produce a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders, Dozers, Pipe Layers, Tyre Handlers, Hydraulic Cranes, Walking Dragline, Electric Rope Shovel, Engineering Mine Ploughs, Armoured Recovery Vehicles, Transmissions, Axles, Hydraulic aggregates and allied assemblies for all the manufacturing units of BEML. Rail Unit –II manufactures Rail Coaches and supports Bangalore Complex by supplying components / aggregates for Rail Coaches and wagons.

Mysore Complex: The Truck Division at Mysore produces off-highway Rear Dump Trucks, Motor Graders and Water Sprinklers. The Engine Division produces a wide range of Diesel Engines powering BEML's product range. The Aerospace Manufacturing Division manufactures Air Craft Towing Tractor, Crash Fire Tender, Weapon Loading Trolley (Bheema) etc. for defence and civilian applications, in addition to precision manufactured items for aircraft industry. BEML's Engine Division and Aerospace Manufacturing Division has been accredited AS9100B certification. BEML's Technology Division has received CEMILAC Certification for Design, Development of CAD & CAE Applications to Aircraft Engine & Airframe Components for Airborne

Applications. The Dredging Equipment Manufacturing Division will cater to the requirements of Dredging equipment.

Palakkad Complex: The Palakkad Complex manufactures products for Defence and Rail Business such as BEML Tatra Heavy Duty Trucks, Sarvatra Bridge, Heavy Recovery Vehicles and Rail coach aggregates / parts.

Subsidiary Unit: Vignyan Industries Limited (VIL), Tarikere, was taken over by BEML in 1984 as a subsidiary unit. VIL supplies quality steel and alloy castings to various manufacturing units of BEML. To meet the increased demand for steel castings, the Company has modernized the plant and augmented the capacity by installing new foundry equipment.

Marketing: BEML's products are sold and serviced through its large marketing network comprising 11 Regional Offices, 18 District Offices, Activity Centres, Service Centres and dealers spread all over the country.

International Business: BEML has sold its products to 61 countries including Kuwait. Company has its overseas offices in Brazil and Indonesia.

Developments & Performance during 2012-13:

During 2012-13 as per the advance estimates of Central Statistical Organization Indian economy is expected to post around 5% growth in GDP as compared to last year's 6.2% growth. The Capital Goods, Mining and Quarrying have witnessed very low / negative growth as per the advance estimates. The Manufacturing sector and Construction have also witnessed a pressure on their growth rates. The continuing global economic slowdown and the high domestic interest rate are having its impact on the performance of all major manufacturing industry. All these factors are impacting the GDP and thus impacting the Company also.

The Company achieved revenue billing of ₹3289.77 crores including the value of consortium supplies and the revenue from operations stood at ₹2808.91 crores registering a marginal growth of 3.02%. The Value of Production is ₹2878.83 crores. The Company incurred a loss of ₹122.33 crores. The Company's exports stood at ₹198.13 crores as against ₹144.05 crores during previous year despite a lull in global market.

The sluggishness in the Mining & Construction business segment and non-availability of input material for Defence supplies have affected the sales notably. However, the sales of Rail & Metro segment registered a growth of 90% (net of consortium supplies and excise duty), which almost compensated the above reduction in business resulting in the said overall marginal growth of 3.02%.

The Company achieved important landmarks during the year and some of them are mentioned here under:

- India's First Stainless Steel EMU (Electrical Multiple Unit) Designed & Developed was supplied to Indian Railways. The new EMU coaches are designed with modern aesthetic, comfortable seating and interiors at par with sophisticated Metro cars. With this innovative product of BEML, Indian Railways has plans for gradual replacement of existing corrosion prone corten steel EMU's with modern Stainless Steel corrosion proof EMU's. The company has supplied already 1 rake of SS EMUs to Kolkatta. It is expected that the suburban trains in Mumbai and Chennai will follow suit.

- To increase the passenger carrying capacity of the existing Metro Cars of DMRC, Intermediate cars Designed & Developed was Productionised and Supplied to Delhi Metro converting them from 4 car formation to six car formation. Orders are expected from other Metro Corporations in the future.

- To cater to the demand for increased capacities to improve productivity of Mining Companies, BEML has Designed & Developed and manufactured 150 ton Electric drive Dumper and 180 ton Electrical Excavator. These equipments are under trials and will be introduced to the market in 2013-14.

- BEMLs team from Bangalore Complex bagged 1st prize for in-house development of side blocks for Metro cars from M/s. QCFI (Quality Circle Forum Of India).

- The Palakkad Complex of BEML has bagged First Prize of the Safety Awards-2012 constituted by Department of Factories and Boilers, Govt. of Kerala, under very large Engineering Industries category.

b) Opportunities and Threats:

While the global economic scenario is looming large with uncertainties, emerging markets are making head way showing their increasing presence, and India has been one of the leaders in this process. Power generation is a major strategy / action plan for any country to progress in manufacturing and infrastructure to be a developed country. 12th Plan of India has put in place such a bold strategy to create a capacity of 90,000MW which triggers demand for Mining and Construction equipment. Further Government is pushing infrastructure projects in a big way and roped in 23 public sectors to pump money to their infrastructure projects for capacity creation, etc., to the tune of over ₹141,912 crores This augurs well for Mining & Construction group as it derives demand for construction equipment. India is planning to invest nearly ₹55 lakh crores (US$1 trillion) to develop infrastructure during the 12th Plan period. As per the National Highway Development Programme, contracts worth about ₹3650 crores is expected to be awarded during the 1st half of the year 2013-14. In the Budget, Government has allocated ₹80194 crores for rural development. These developments in Mining and Construction sector is expected to create a demand for more equipments to ensure timely execution of projects.

All the three Armed Forces, Army, Navy and Air Force, are on a mission mode for modernization and huge orders are expected for equipments / machinery with the cutting edge technology in the 2013-14. India's Defence production, for the first-time is part of the country's five-year planning process and has joined the exercise carried out by the Planning Commission for the 12th Plan Period from 2012 to 2017. The development is aimed at giving a boost to India's efforts to build an indigenous Defence industrial base. It is estimated that India will spend around \$100~120 billion (₹5,50,000 crores) during this 12th plan period to buy Defence equipment and weapons to boost armed forces modernization. The new procurement policy has been finalized under which Indian public and private sector will be given first priority for military procurement. Preference for indigenous procurement has been made a part of DDP through an amendment that provides for preferred order of categorization, with imports being a choice of last resort.

The 12th Plan as already known has drawn plans for developing an efficient public and freight transport system. The Freight Strategy is to run “HEAVIER, LONGER, FASTER” trains. This has translated into formation of the Dedicated Freight Corridors which is expected to be commissioned by March 2017. An outlay of ₹5,19,221 crores has been planned during 12th Plan. An investment plan of ₹63,363 crores has been envisaged for 2013-14. Out of this ₹6,450.75 crores has been allocated for Metro Rail Projects, as many of the cities like Kochi, Bhopal, Indore including expansion projects of Delhi etc have already initiated action to go the metro way which is expected to be an opportunity for metro cars (Rolling stock) valuing ₹60,000 crores.

The government strategies and action plan are stimulating growth and the sectors in which BEML is operating and driving demand. The Company is making efforts to maximize the business by tapping these opportunities that have opened in all the sectors in which it is operating through product basket expansion, capacity expansion, diversification etc.

The major challenges faced by the Company are:

1. Uncertainty, especially Mining sector due to delay in resolving environmental and social issues.
2. Demand for higher capacity equipment, in line with the global market trend.
3. High expectations of contractor segment.
4. Increasing pressure on reducing ownership costs.
5. Improved technology for operational cost to stay ahead in business.
6. Innovative marketing strategies to counter competition from MNCs by
7. Uncertainty in Defence business.
8. Attrition in skilled manpower.
9. Project imports at Nil duty.
10. Opening up of Defence purchases to private sector increasing further competition.

However all action plan and strategies are in place to address all of the above and ensure business with reasonable growth as in the past.

c) Segment-wise / Business Group-wise performance during 2012-13:

The segment-wise analysis has already been placed under the para 'Turnover and Profitability' at the beginning of the report.

d) Outlook:

Delay in clearing key infrastructure project due environmental and social issues have impeded the reform process. As per the Prime Minister's Economic Advisory Council the economic growth is estimated at 6.4% for the current fiscal.

The Union Budget for 2013-14, allocation for the defence outlays is ₹2,03,672 crores. Of the total Capital Expenditure of the three services, ₹86,741 crores is earmarked for capital acquisition or modernization. To meet this demand, BEML has geared up its production to take advantage of defence requirements. Under the new Defence Procurement Policy, the first preference for defence procurement will be given to the country's public sector units and the private sector and import route will the last option which is a boost to BEMLs indigenization programme.

Indian Railways has planned a highest ever plan outlay of ₹63,363 crores with introduction of 67 new Express trains, 26 new passenger services, 8 DEMU services and 5 MEMU services. To cater to this increased demand the Company has set up an additional coach manufacturing unit at KGF and Palakkad which are rolling out rail coaches in addition to the plant at Bangalore. The Company has 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 trains. In addition to metro cities, Tier-II cities are also expected to go in metro way and BEML is hopeful of bagging these orders. BEML has developed and supplied intermediate cars which will add further revenue to the metro business. BEML has also developed and supplied SS EMUs for the Indian Railways and also developing DEMUs in line with the modernization programme IR. Besides the above, the Company has also taken pro-active steps to develop Aluminum and Stainless steel wagons, for freight corridor.

The challenges we have faced in various business has made the organization more dynamic, responsive and market oriented for survival and growth in the changed business environment. The Company has plans to grow in each of its vertical by expanding the business by adding products and new territories. It is looking at business generation through new allied products like Aerospace products, Tank Manufacture, Underground Mining Equipments, and Dredging Equipment etc. to add business. The Company is making all out effort to match global technology through up-gradation and developing new products by in-house R&D efforts. These strategies, will help the Company to achieve much higher levels in the days to come.

e) Risks and Concerns :

The Company follows a system of making all major business decisions after a thorough discussion and analysis of risks and returns involved. Through this approach it strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact the Company's future performance. The Company has also engaged the services of a professional Risk Management firm to study all aspects of the Company's business/ operations, identify the risks and recommend measures to mitigate the same.

f) Internal control systems and their adequacy:

The Company has an internal control system designed to provide high degree of assurance regarding optimization and safeguarding of resources, quality and reliability of financial and operational information, compliance with applicable statutes and corporate policies. It is the Company's endeavour to align all its processes and controls with global best practices.

The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the company's operations. The internal audit department performs risk based audits, based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and the audit committee.

The Audit Committee reviews audit reports submitted by the internal auditors and follow up on the implementation of corrective actions periodically.

Your Company has implemented an enterprise-wide ERP. This will accompany by re-engineering and simplification of business processes to improve agility and customer service. Further, it has end-to-end SAP platform that provide a robust foundation to address several emerging business needs.

g) Discussion on financial performance with respect to operational performance:

(₹ in Crs.)

Particulars	*2012-13*	*2011-12*
a. Revenue billed	3289.77	3648.37
b. Revenue (excl. consortium & including excise duty)	2998.87	2920.58
c. Value of Production (excl. consortium & including excise	3068.79	3349.39
duty)	(122.33)	66.46
d. Profit before tax	(79.87)	57.25
e. Profit after tax		
	2080.03	2172.08
f. Networth	2456.20	2422.41
g. Inventory	1346.81	1076.62
h. Trade Receivables (Gross)		
	292	264
Total inventory in no. of days of VoP (g/c)	164	135
Trade Receivables / Sales in days (h/b)	(4.08)	2.28
Profit Before Tax to Sales (d/b)	(3.84)	2.64
Profit After Tax to Networth (e/f)		

Company achieved revenue billing of ₹3289.77 crores including the value of consortium supplies against ₹3648.37 crores of corresponding value in the previous year. The revenue from operations (net of consortium supplies and excise duty) stood at ₹2808.91 crores as against ₹2726.49 crores in the previous year, registering a marginal growth of 3.02%. The Value of Production (net of consortium supplies and excise duty) is ₹2878.83 crores as against ₹3155.31 crores in the previous year. The Company incurred a loss of ₹122.33 crores as against Profit before Tax of ₹66.46 crores recorded in the previous financial year. Though the Sales (net of consortium supplies and excise duty) has registered a marginal growth, the sluggishness in the Mining & Construction business segment, non-availability of further input material for Defence supplies have affected the sales of the above two business groups registering a negative growth of 17% in Mining & Construction business and 23% in

Defence business. However, the sales of Rail & Metro registered a growth of 90% (net of consortium supplies and excise duty), which almost compensated the above reduction in business resulting in the said overall marginal growth of 3.02%. Further, the value of production has shown declining trend of about 9%. This is mainly because of reduction in production in Mining & Construction business keeping in view the higher level of Finished Goods Inventory and also lower production in Defence on account of the prevailing situation.

The reduction in profit was mainly on account of lesser volume of business in Defence and Mining & Construction business segments and considerable increase in the financial charges and other provisions during the year. However, your Company is poised to register higher turnover and profit in the current financial year.

h) Material developments in Human Resources / Industrial Relations front, including number of people employed:

The Company intensified focus on training and development of manpower. Training and development at middle management levels were in focus during the year. The Company introduced competence management by way of a structured approach in major locations. A company-wide associate survey was undertaken to obtain feedback on various aspects, covering all employees. The Company intensified its communication with all levels and categories of employees by way of different internal forums. The Company also continued to excel in the field of training apprentices and workmen.

The industrial relations have been harmonious and cordial. The manpower strength as of 31.03.2013 stood at 11,005. During the year, 26,755 man-days of training were imparted to sharpen their skills and update their knowledge of employees.

Cautionary Statement - Certain statements made in the Management Discussion and Analysis report related to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No. : L35202KA1964GOI001530
Nominal Capital : ₹100 Crores

To the Members of BEML Limited,

I have examined all the relevant records of BEML Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the stock exchanges for the year ended 31st March, 2013. I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced and the explanations and information furnished, I certify that the Company has complied with mandatory requirements of Clause 49 of the Listing Agreement.

The Company has also adopted the following non-mandatory requirements listed under the said Clause 49:

(i) Tenure of the Independent Directors which does not exceed nine years, and
(ii) Constitution of Remuneration Committee.

For Velichety & Co.
Chartered Accountants

Sd/-
CA. V. Vijaya Raghava Rao
Partner
M.No.: 028453, FRN.:004588S

Bangalore
23.05.2013

Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises of the mandatory Accounting Standards (AS) covered by the Companies (Accounting Standard) Rules 2006 issued by the Central Government, to the extent applicable, and the provisions of the Companies Act, 1956 and these have been consistently applied.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires that the Management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. Fixed Asset

A. Capitalisation

a. The Fixed Assets are stated at cost.
b. The cost of the Fixed Asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
c. Expenditure on land development is capitalised.
d. Expenditure on reconditioning, rebuilding and major overhaul of an asset is capitalized if technical assessment indicates increase in future benefits from the existing assets beyond its previously assessed standards of performance (increase in capacity or life or efficiency or productivity).
e. Jigs and fixtures of unit value of ₹5 lakhs and above are capitalized and those with unit value below ₹5 lakhs are charged off in the year of incurrence.

B. Depreciation

a. Depreciation is charged on Straight Line Method basis at rates as per Schedule XIV of the Companies Act, 1956 (or such higher rates which in the opinion of the management are appropriate), calculated from the month following the month of capitalisation. Depreciation on additions or extensions to existing assets is provided so as to co- terminate with the life of the original asset if it becomes integral part of the existing asset or on useful life of the asset if it is capable of independent use.
b. For Assets whose unit cost does not exceed ₹5000/- depreciation is provided at the rate of hundred percent in the year of capitalization.
c. Cost of leasehold land is amortised over the period of lease on pro-rata basis.
d. Jigs & Fixtures which are capitalized are depreciated over a period of three years.

C. Borrowing Cost

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset are capitalised as part of the cost of the asset.

D. Impairment of Assets

The company assesses the impairment of assets at each Balance sheet date. The loss on account of impairment, if any, is accounted accordingly.

4. Intangible Assets

a) Software

The cost of software internally generated /purchased for internal use which is not an integral part of the related hardware is recognised as an Intangible Asset and is amortised on straight line method based on technical assessment for a period not exceeding ten years. Software which is an integral part of related hardware is capitalised along with the hardware.

b) Technical Know-how

Expenditure on Technical Know-how is recognised as an Intangible Asset and amortised on straight line method based on technical assessment for a period not exceeding ten years.

For Sl.No. (a) & (b) above, amortization commences from the month following the month during which the asset is available for use.

5. Inventory Valuation

i) Raw materials, Components, Stores and Spare parts are valued at lower of Weighted Average Cost and estimated net realizable value.

ii) Work-in-progress is valued at lower of cost of materials, labour & production overheads based on normative capacity and estimated net realizable value.

iii) Finished stock is valued at lower of cost and estimated net realizable value.

iv) Estimated costs are considered wherever actual costs are not available.

v) The cost is adjusted for decline in value by writing down the value based on specific identification. Necessary provision is made for non-moving items.

vi) Based on technical assessment, provision is made for revalidation/ refurbishment of finished goods.

vii) Scrap is valued at estimated net realizable value.

6. Advances from customers

Advances from customers include advances / progress payments received as per letters of intent / sale contracts and are net after adjustments for sales accounted under respective contracts.

7. Sales / Other Income

(i) Sales for products viz., equipments, aggregates,attachments, spares and ancillary products is recognised when risks and rewards of ownership pass on to the customer as per contractual terms.

(ii) In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion and delivery period is more than 12 months and the value of the equipment/system is more than ₹ 25 crores, revenue is recognised on the 'percentage completion method'. Percentage completion is based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total cost of the product.

Since the outcome of such a contract can be estimated reliably only on achieving certain progress, revenue is recognised up to 25% progress only to the extent of costs thereafter revenue is recognised on proportionate basis and a contingency provision equal to 20% of the surplus of revenue over costs is made while anticipated losses are recognised in full.

(iii) Where sale prices are not established, sales are recognised provisionally at prices likely to be realised. Difference, if any, is accounted in the year of finalization of price.

(iv) Sales include excise duty wherever applicable but exclude sales tax.

(v) Duty drawback claims on exports are accounted on preferring the claims.

(vi) Claims for escalation are recognised as per escalation formula provided in the contract. If the contract does not provide for escalation, claim for the same is recognized on acceptance by the customer.

(vii) Where the contract provides for installation and commissioning and price for the same is agreed separately, revenue for installation and commissioning is recognised on conclusion of installation and commissioning. Where installation and commissioning fee is not separately stipulated, the revenue for the product is recognised, however, estimated cost as technically assessed for such installation and commissioning to be incurred, is provided for.

8. Employee Benefits

i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable, determined using actuarial valuation techniques. Actuarial gain and losses in respect of post-employment and other long term benefits are charged to the profit and loss account.

9. Accounting for Foreign Currency Transactions

i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount, the exchange rate prevailing as on the date of transaction.

ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by adopting the rate of exchange prevailing on the date of Balance Sheet.

iii) Exchange rate differences consequent to restatement / settlement are recognised as income / expenditure.

iv) In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit or loss in the reporting period in which the exchange rate changes.

10. Contractual Obligations

Warranty liability for contractual obligation in respect of equipments / spares sold to customers is ascertained on the basis of an annual technical assessment.

11. Research & Development

Research expenditure is charged off in the year of incurrence. The expenditure on development of new products is capitalized or where the same is intended for sale, it is inventorised. Amortization of the capitalised expenditure is on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences from the month following the month during which the asset is available for use. Expenditure on fixed assets relating to Research & Development is capitalised.

12. Prior Period Items

Prior period adjustments are those adjustments, which are over ₹1 lakh in each case, arising out of correction of errors and omissions made in the past years.

13. Under / Over Absorption of Cost

Adjustments for under / over absorption of costs on jobs, is made only if the extent of under / over recovery exceeds one percent of turnover.

14. Taxes on Income

The tax expense comprises of current tax and deferred tax. The provision for current tax is ascertained on the basis of assessable profits computed in accordance with provisions of the Income Tax Act, 1961. The deferred tax is recognised on all timing differences resulting from the recognition of items in the financial statements and in estimating current income tax provision, subject to consideration of prudence in respect of deferred tax assets. The carrying amount of deferred tax asset / liability is reviewed at each balance sheet date.

15. Leased Assets

Lease rentals recovered on assets given under operating leases are recognised in the Profit & Loss Account. Initial direct costs are expensed on incurrence.

16. Investments

Long-term investments are carried at cost. Permanent decline in the value of such investments is recognised and provided for. Current investments are carried at lower of cost and fair value.

17. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when

- A present obligation arises as a result of past events.
- It is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions are determined based on the best estimates required to fulfill the obligations on the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements.

18. Others

(i) Special Tools up to the unit value of ₹5000 are charged off in the year of incurrence and those above unit value of ₹5000 are amortized over a period of three years.

(ii) Hand tools are charged to expenses at the time of issue.

(iii) Expenditure on Voluntary Retirement Scheme is expensed in the year of incurrence.

Refer our report of even date attached

For and on behalf of the Board of Directors

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
Firm Registration Number: 002510S

G.VIVEKANANTHAN
Partner
Membership No.:28339

M. PITCHIAH
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Annual Accounts 2012 - 13

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2013	As at 31st March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	**1**	**4,177.22**	4,177.22
(b) Reserves and surplus	**2**	**203,826.13**	213,031.33
Sub-total		**208,003.35**	217,208.55
(2) Share application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	**3**	**49,811.05**	24,769.09
(b) Other Long term liabilities	**4**	**40,603.50**	41,700.73
(c) Long-term provisions	**5**	**14,916.67**	12,113.14
Sub-total		**105,331.22**	78,582.96
(4) Current liabilities			
(a) Short-term borrowings	**6**	**71,620.47**	69,524.50
(b) Trade payables	**7**	**48,955.65**	49,963.15
(c) Other current liabilities	**8**	**68,088.72**	59,290.47
(d) Short-term provisions	**9**	**19,514.58**	19,789.26
Sub-total		**208,179.42**	198,567.38
Total		**521,513.99**	494,358.89
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i)Tangible assets	**10**	**50,253.93**	50,170.18
(ii)Intangible assets	**10**	**2,820.50**	2,751.98
(iii)Capital work-in-progress	**11**	**11,322.87**	2,386.48
(iv)Intangible assets under development	**11A**	**2,855.77**	-
(b) Non-current investments	**12**	**257.64**	443.19
(c) Deferred tax assets (net)	**13**	**10,523.84**	6,277.45
Sub-total		**78,034.55**	62,029.28
(d) Long-term loans and advances	**14**	**28,297.98**	27,777.90
(e) Other non-current assets	**15**	**245.83**	522.56
Sub-total		**28,543.81**	28,300.46
(2) Current assets			
(a) Current Investments	**16**	**155.70**	-
(b) Inventories	**17**	**245,619.92**	242,240.66
(c) Trade receivables	**18**	**86,151.14**	79,164.90
(d) Cash and cash equivalents	**19**	**7,692.46**	19,247.20
(e) Short-term loans and advances	**20**	**38,612.71**	41,816.13
(f) Other current assets	**21**	**36,703.70**	21,560.26
Sub-total		**414,935.63**	404,029.15
Total		**521,513.99**	494,358.89

Note nos.1 to 31 and Significant Accounting Policies annexed herewith form part of the financial statements.

As per our report of even date attached
For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

M. PITCHIAH
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Revenues:			
Revenue including Excise Duty	22	**299,886.90**	292,057.63
Less: Excise Duty [Refer Note 22(iii)]		**18,995.89**	19,408.75
Revenue from operations		**280,891.01**	272,648.88
Other income	23	**10,359.39**	4,508.70
Total Revenue		**291,250.40**	277,157.58
Expenses:			
Cost of materials consumed	24	**171,517.45**	180,040.96
Purchase of Stock-in-trade	24A	**910.17**	4,591.66
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade	25	**(6,992.23)**	(42,881.48)
Employee benefits expense	26	**73,939.90**	72,508.05
Finance costs	27	**14,099.34**	8,842.58
Depreciation and amortization expense	10	**5,024.96**	4,391.55
Other expenses	28	**46,168.87**	46,074.06
Total Expenses		**304,668.46**	273,567.38
Profit / (Loss) before exceptional, extraordinary and prior period items and tax		**(13,418.06)**	3,590.20
Add/ (Less) : Exceptional items	29	**1,011.90**	2,882.42
Profit / (Loss) before Prior Period Adjustment		**(12,406.16)**	6,472.62
Add / (Less) Prior Period Adjustment	30	**172.62**	173.21
Profit / (Loss) before tax		**(12,233.54)**	6,645.83
Tax expense:			
(1) Current tax		**-**	2,594.91
(2) Deferred tax		**(4,246.39)**	(1,673.58)
Profit / (Loss) for the period	31(A)	**(7,987.15)**	5,724.50
Earnings per equity share: (₹10/- each) in ₹			
Basic and diluted	31(A)	**(19.18)**	13.75

Note nos.1 to 31 and Significant Accounting Policies annexed herewith form part of the financial statements.

As per our report of even date attached
For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

M. PITCHIAH
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Cash Flow Statement

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013		For the Year ended 31st March 2012	
	Sub items	Main items	Sub items	Main items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		**(12,233.54)**		6,645.83
Adjustments for				
Depreciation	**5,024.96**		4,391.55	
Amortisation	**260.70**		627.44	
Gain/loss on disposal of fixed assets	**(8.62)**		(0.48)	
Financing Cost	**14,099.34**		8,842.58	
Interest income	**(4,051.85)**		(2,451.47)	
Other Provisions	**15,004.03**		6,809.24	
		30,328.56		18,218.86
Operating Profit / (Loss) before changes in working capital		**18,095.02**		24,864.69
Adjustment for				
Inventories	**(3,029.04)**		(52,934.25)	
Trade & other receivables	**(27,615.63)**		7,511.43	
Other current assets	**16.03**		(570.00)	
Trade payables	**(1,007.50)**		5,957.34	
Other payables	**2,840.90**		46,053.94	
		(28,795.24)		6,018.46
Cash generated from operations		**(10,700.22)**		30,883.15
Direct taxes paid/refunded		**(3,149.23)**		(6,701.54)
Net cash flow from/used in operating activities		**(13,849.45)**		24,181.61
B. Cash flow from investing activities				
Purchase of Fixed Assets	**(13,368.42)**		(12,027.60)	
Purchase of intangible fixed assets	**(3,600.97)**		(773.47)	
Sale of tangible fixed assets	**8.62**		0.48	
Investments in subsidiaries	-		(165.55)	
Interest Received	**3,776.79**		2,323.92	
Net cash flow from/used in investing activities		**(13,183.98)**		(10,642.22)
C. Cash flow from financing activities				
Proceeds from ECB & long-term borrowings	**(248.18)**		13,555.14	
Proceeds from Bonds	**30,000.00**		-	
Proceeds from Packing Credit	**(5,163.00)**		5,163.00	
Repayment of Unsecured Loans	**(1,565.60)**		(1,565.60)	
Proceeds of short-term borrowings	**7,258.97**		(2,802.48)	
Financing Cost	**(12,383.48)**		(8,614.32)	
Dividend & Tax paid for equity shares	**(2,420.02)**		(4,856.11)	
Net cash flow from/used in financing activities		**15,478.69**		879.63
Net increase/(decrease) in cash and cash equivalents		**(11,554.74)**		14,419.02
Cash and Cash Equivalents, Beginning of the year		**19,247.20**		4,828.18
Cash and Cash Equivalents, Ending of the year		**7,692.46**		19,247.20

Refer our report of even date attached
For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

M. PITCHIAH
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Notes forming part of Financial Statements

Basis of Preparation of Accounts

Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company's operating cycle is considered as twelve months for the purpose of current / non current classification of assets and liabilities.

Note 1 : Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2013		As at 31st March 2012	
	Number	**Amount**	Number	Amount
Authorised :				
Equity Shares of ₹ 10 each	**100,000,000**	**10,000.00**	100,000,000	10,000.00
Issued :				
Equity Shares of ₹ 10 each	**41,900,000**	**4,190.00**	41,900,000	4,190.00
Subscribed :				
Equity Shares of ₹ 10 each	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Paid-up :				
Equity Shares of ₹ 10 each, fully paid-up	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Forfeited Shares (amount originally paid) :				
Equity Shares of ₹ 5 each	**255,500**	**12.77**	255,500	12.77
Total		**4,177.22**		4,177.22

Rights and restrictions attached to equity shares

The company has only one class of share, i.e., equity shares having the face value of ₹10 per share. Each holder of equity share is entitled to one vote per share. Dividend is paid in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Disclosure requirements for 5 years	Number of Shares				
Particulars	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**
Shares allotted as fully paid up pursuant to contracts without payment being received in cash	**Nil**	Nil	Nil	Nil	Nil
Shares allotted as fully paid up by way of bonus shares	**Nil**	Nil	Nil	Nil	Nil
Shares bought back	**Nil**	Nil	Nil	Nil	Nil

Reconciliation of shares outstanding at the beginning and at the end of the period:

(₹ in Lakhs)

Particulars	**As at 31st March 2013**		As at 31st March 2012	
	No. of Shares	**Amount**	No. of Shares	Amount
Outstanding as at Opening Date	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Add: Issued during the period	**-**	**-**	-	-
Less: Buy-back during the period (if any)	**-**	**-**	-	-
Outstanding as at Closing Date	**41,644,500**	**4,164.45**	41,644,500	4,164.45

Equity Shares held by shareholders having 5% or more	**As at 31st March 2013**		As at 31st March 2012	
Name of the shareholder	**No. of Shares**	**%**	No. of Shares	**%**
President of India	**22,500,000**	**54.03**	22,500,000	54.03
LIC of India	**2,777,566**	**6.67**	2,777,566	6.67

No shares of the Company is held by its subsidiaries. The Company does not have any holding company.

No shares of the Company is reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

Note 2 : Reserves & Surplus

(₹ in Lakhs)

Particulars	**As at 31st March 2013**	As at 31st March 2012
Capital Reserve		
Opening Balance	**105.66**	105.66
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**105.66**	105.66
Nonimara Excellence Award Reserve		
Opening Balance	**1.44**	1.44
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**1.44**	1.44

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Securities Premium Reserve		
Opening Balance	**61,204.07**	61,204.07
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**61,204.07**	61,204.07
General Reserve		
Opening Balance	**115,401.78**	114,829.33
Additions during the year	**3,631.84**	572.45
Deductions during the year	**-**	-
Closing Balance	**119,033.62**	115,401.78
Balance in the Statement of Profit and Loss		
Opening Balance	**36,318.38**	33,586.35
Additions during the year	**(7,987.15)**	5,724.50
Less: Appropriations		
- Proposed dividend	**1,041.11**	2,082.23
- Tax on Dividend	**176.94**	337.79
- Transfer to General reserve	**3,631.84**	572.45
Closing Balance	**23,481.34**	36,318.38
Total	**203,826.13**	213,031.33

Note 3 : Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2013		As at 31st March 2012	
	Non-Current	Current	Non-Current	Current
Term Loans				
Secured from Banks				
i. From State Bank of Travancore, Secured on first charge by way of hypothecation of all movable including machinery, spares, tools, accessories present and future (except receivables and current assets) and equitable mortgage of immovable property at Palakkad Complex. Rate of interest 10.50%	**2,467.42**	**494.26**	3,209.86	-
ii.From Standard Chartered Bank, Secured by exclusive first charge on company's assets both movable/immovable to be acquired out of this facility. Rate of Interest 9.14%	**7,950.00**	**2,650.00**	10,600.00	-

(₹ in Lakhs)

Particulars	As at 31st March 2013		As at 31st March 2012	
	Non-Current	Current	Non-Current	Current
iii. Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.24%	**30,000.00**	-	-	-
Unsecured From Other Parties				
Inter corporate loans against company's corporate guarantee	**9,393.63**	**1,565.60**	10,959.23	1,565.60
Total	**49,811.05**	**4,709.86**	24,769.09	1,565.60

Maturity Profile of Term Loans from Banks :

(₹ in Lakhs)

Name of the Bank	Maturity Profile						
	Interest Rate	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
State Bank of Travancore	10.50%	494.26	494.26	494.26	494.26	494.26	490.38
Standard Chartered bank	9.14%	2650.00	2650.00	2650.00	2650.00	-	-

Maturity Profile of Secured Redeemable Non-convertible Debentures :

(₹ in Lakhs)

Coupon Rate	2020-21	2021-22	2022-23
9.24% p.a payable semi-annually on 18th May & 18th November every year	10000.00	10000.00	10000.00

Maturity Profile of Unsecured Inter Corporate Loan :

(₹ in Lakhs)

Rate of Interest	Interest Rate	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bank Rate plus 3.50%, Currently 12.00%	12.00%	1565.60	1565.61	1565.60	1565.61	1565.60	1565.61	1565.60

Note 4 : Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Advance received	**40,113.93**	40,756.50
Deposits & EMD received	**31.66**	28.40
Others	**457.91**	915.83
Total	**40,603.50**	41,700.73

Note 5 : Long-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for employee benefits		
for Leave Salary	**11,636.09**	9,722.34
for Post retirement contributory medical scheme	**2,855.58**	2,221.33
Provision-others		
for warranty	**425.00**	169.47
Total	**14,916.67**	12,113.14

Note 6 : Short-Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Repayable on demand from banks		
Secured		
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of inventories, Bills receivable, Book Debts and all other movables both present and future)	**71,620.47**	64,361.50
Unsecured	-	5,163.00
Total	**71,620.47**	69,524.50

Note 7 : Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Micro, Small & Medium Enterprises	**3,491.78**	903.06
Others	**45,463.87**	49,060.09
Total	**48,955.65**	49,963.15

Micro, Small and Medium Enterprises

The information under MSMED Act, has been disclosed to the extent such vendors have been identified by the company during the year. The details of amounts outstanding to them based on available information with the Company is as under :

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Amount due and Payable at the year end		
- Principal	**2,245.35**	---
- Interest on above Principal	**239.45**	---
Payments made during the year after the due date		
- Principal	**8,800.69**	---
- Interest	**-**	---
Interest due and payable for principals already paid	**553.15**	---
Total Interest accrued and remained unpaid at year end	**792.60**	---

Note 8 : Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Current maturities of long term debt (Refer Note No. 3)	**4,709.86**	1,565.60
Interest accrued but not due on Borrowings	**1,222.05**	209.34
Interest accrued and due on Borrowings	**14.75**	104.20
Unclaimed dividends	**62.52**	74.38
Other payables		
a. Staff related dues	**4,795.77**	5,347.14
b. Statutory dues	**7,978.88**	4,283.26
c. Deposits & EMD received	**786.43**	789.79
d. ED provision on FGI/Others	**12,433.57**	12,318.19
e. Other dues	**9,674.16**	3,175.10
f. Advances and Deposits	**26,410.73**	31,423.47
Total	**68,088.72**	59,290.47

Note 9 : Short-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for employee benefits		
for Gratuity	**8,792.67**	8,001.07
for Leave Salary	**962.20**	1,948.39
for Performance Related Pay	**966.99**	1,430.99
for Post retirement contributory medical scheme	**344.56**	123.76
Provision-others		
Proposed dividend	**1,041.11**	2,082.23
Tax on dividend	**176.94**	337.79
for pending Legal cases	**477.56**	319.23
for warranty	**5,527.46**	4,730.60
for unexpired obligations	**1,225.09**	815.20
Total	**19,514.58**	19,789.26

Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

Particulars	As at 01.04.2012	Additions	Utilization	Reversal	As at 31.03.2013
Gratuity	8,001.07	4,791.60	4,000.00	-	8,792.67
Leave Salary	11,670.73	4,770.69	3,843.13	-	12,598.29
Post retirement contributory medical scheme	2,345.09	954.78	99.73	-	3,200.14
Performance Related Pay	1,430.99	-	464.00	-	966.99
Pending legal cases	319.23	164.37	6.04	-	477.56
Warranty	4,900.07	5,134.06	3,472.52	609.15	5,952.46
Unexpired Obligation	815.20	1,164.23	754.34	-	1,225.09
Total	**29,482.38**	**16,979.73**	**12,639.76**	**609.15**	**33,213.20**

Note 10 : Fixed Assets

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 01.04.2012	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets										
Land										
Free Hold	1,395.88	-	-	1,395.88	-	-	-	-	1,395.88	1,395.88
Lease Hold	7,715.39	-	-	7,715.39	100.00	29.34	(0.01)	129.33	7,586.06	7,615.39
Roads & Drains	2,617.35	0.43	-	2,617.78	524.17	41.46	0.01	565.64	2,052.14	2,093.18
Water Supply Installations	704.27	11.14	(0.01)	715.40	344.74	29.92	(0.02)	374.64	340.76	359.53
Buildings	20,935.01	147.53	(0.01)	21,082.53	5,688.86	568.84	-	6,257.70	14,824.83	15246.15
Railway sidings	927.38	1.62	-	929.00	252.10	42.79	-	294.89	634.11	675.28
Plant, Machinery and Equipment	67,183.19	3,434.08	(319.38)	70,297.89	47,175.97	2,905.54	(317.34)	49,764.17	20,533.72	20007.22
Electrical Installation	3,782.46	27.49	(28.27)	3,781.68	2,722.05	203.69	(28.26)	2,897.48	884.20	1,060.41
Furniture & Fixtures	1,448.91	11.77	(2.57)	1,458.11	949.91	45.81	(1.07)	994.65	463.46	499.00
Vehicles										
Given on Lease	519.64	31.16	(15.44)	535.36	110.29	50.98	(11.23)	150.04	385.32	409.35
Own Use	1,672.17	47.51	(27.64)	1,692.04	921.73	122.22	(21.29)	1,022.66	669.38	750.44
Office Equipment	464.25	23.51	(5.44)	482.32	405.90	22.04	(5.32)	422.62	59.70	58.35
Jigs & Fixtures	-	128.52	1,321.06	1,449.58	-	285.65	739.56	1,025.21	424.37	-
Total Tangible Assets	**109,365.90**	**3,864.76**	**922.30**	**114,152.96**	**59,195.72**	**4,348.28**	**355.03**	**63,899.03**	**50,253.93**	**50,170.18**
Previous Year	91,737.44	17,597.33	31.13	109,365.90	55,486.70	3,748.35	(39.33)	59,195.72	50,170.18	36,250.74

(₹ in Lakhs)

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2012	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 01.04.2012	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Intangible Assets										
Computer software	1,196.78	90.56	-	1,287.34	285.12	278.09	-	563.21	724.13	911.66
Technical Know how	2,282.39	654.64	-	2,937.03	442.07	398.59	-	840.66	2,096.37	1,840.32
Total Intangible Assets	**3,479.17**	**745.20**	**-**	**4,224.37**	**727.19**	**676.68**	**-**	**1,403.87**	**2,820.50**	**2,751.98**
Previous Year	2,805.25	773.47	(99.55)	3,479.17	103.20	643.20	(19.21)	727.19	2,751.98	2,702.05
Total Tangible & Intangible Assets C Y	**112,845.07**	**4,609.96**	**922.30**	**118,377.33**	**59,922.91**	**5,024.96**	**355.03**	**65,302.90**	**53,074.43**	**52,922.16**
Total Tangible & Intangible Assets P Y	94,542.69	18,370.80	(68.42)	112,845.07	55,589.90	4,391.55	(58.54)	59,922.91	52,922.16	38,952.79

A. Depreciation rate adopted by the company in respect of following assets is significantly higher than the statutory minimum rates prescribed under the Companies Act, 1956.

Assets	Rate adopted(%)	Rate as per Schedule XIV(%)
Water supply installations	7.42	1.63
Welfare equipments	7.42	4.75
Medical diagnostic equipment	7.42	7.07
Power generating equipment	15.00	4.75
Electrical installation	15.00	4.75
Communication equipment	15.00	4.75
Office equipment	15.00	4.75
Wind Mill	15.00	4.75
Computers	33.33	16.21
Mobile phones	33.33	4.75
Jigs & Fixtures	33.33	4.75

B. Accounting Standard 19 (Leases)

i) Office premises taken on lease

The Company's significant leasing arrangements are in respect of operating leases in respect of its leased office premises. These lease arrangements, which are cancellable, are generally renewable by mutual consent. The aggregate lease rentals paid is disclosed under rent in Note No. 28.

ii) Cars given on Lease on non cancellable basis

I. a) Gross Carrying amount	₹ 535.36 Lakhs	(Previous Year - ₹ 519.64 Lakhs)
b) Accumulated depreciation	₹ 150.04 Lakhs	(Previous Year - ₹ 110.29 Lakhs)
c) Accumulated impairment losses	₹ Nil	
(i) Depreciation recognized in the Statement of Profit & Loss Account	₹ 50.98 Lakhs	(Previous Year - ₹ 53.67 Lakhs)
(ii) Impairment losses recognized in the Statement of Profit & Loss Account	₹ Nil	(Previous Year - ₹ Nil)
(iii) Impairment losses reversed in the Statement of Profit & Loss Account	₹ Nil	(Previous Year - ₹ Nil)
II. Future minimum lease payments under non-cancellable operating leases – Leased cars		
(i) Not later than one year	₹ 68.10 Lakhs	(Previous Year - ₹ 52.10 Lakhs)
(ii) Later than one year but not later than five years	₹ 209.93 Lakhs	(Previous Year - ₹ 191.20 Lakhs)
(iii) Later than five years	₹ 107.29 Lakhs	(Previous Year - ₹ 136.64 Lakhs)
III. Total rent recognized as income in the Statement of Profit & Loss Account	₹ 58.66 Lakhs	(Previous Year - ₹ 42.49 Lakhs)

C. Fixed Assets

i) Buildings includes Cost of building at Kolkotta ₹26.82 Lakhs (Previous Year - ₹26.82 Lakhs) on lease with an option to buy for a nominal sum of ₹0.15 Lakhs at the end of 99 years from the date of taking possession viz., February'83 / April'84.

ii) Buildings includes cost of building at Mumbai and Ranchi pending registration / khatha transfer at ₹33.00 Lakhs (Previous Year - ₹33.00 Lakhs)

iii) The total amount towards Lease/Sale of facilities comprising mostly land, belonging to Bharat Gold Mines Limited (a Company under orders of winding up by BIFR) is yet to be ascertained. The Company has started utilising the facilities from May 2005 and a sum of ₹100 Lakhs has been paid, which is included under Long Term Loans & Advances (Note No.14). As the nature of transaction is undecided, no amount has been charged to the profit and loss account till date. The company has incurred an expenditure towards creation of fixed Assets for a gross value of ₹1452.95 Lakhs (Previous Year - ₹1395.95 Lakhs) included under Note No.10 & ₹ Nil (Previous Year - ₹15.31 Lakhs) as capital work in progress included under Note No.11 totaling to ₹1452.95 Lakhs (Previous Year - ₹1411.26 Lakhs).

iv) Lease Hold Land includes Leased land allotted by Kerala Industrial Infrastructure Development Corporation measuring 374.59 acres on Lease premium of ₹2547.21 Lakhs for 99 years lease period with effect from 01.07.2009. Whereas actual land handed over by Kerala Industrial Infrastructure Development Corporation was measuring 374.16 acres after exclusions and revised the Lease Premium payable as ₹2544.29 Lakhs. Adjustment in financial statement will be made on formal amendment of Lease Agreement by Kerala Industrial Infrastructure Development Corporation.

v) Free Hold Land include land at cost ₹134.27 Lakhs at Hyderabad for which registration is pending.

vi) No Provision was considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying cost of these assets.

Note 11 : Capital Work-in-Progress

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Building	**743.68**	570.93
Equipment under inspection and in transit	**83.64**	94.91
Machinery	**9,953.88**	1,201.02
Others	**541.67**	519.62
Total	**11,322.87**	2,386.48

Note 11A: Intangible assets under development

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Development Expenditure	**2,855.77**	-
Total	**2,855.77**	**-**

Note 12 : Non-Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Long Term, unquoted at cost		
Trade Investments		
In Equity Shares of Subsidiary Companies :		
In Vignyan Industries Limited, 2,69,376 fully paid up Equity Shares of ₹100 each	**252.60**	252.60
In MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of ₹10 each [refer note 14 (a)]	**5.00**	5.00
In Quotas of Foreign Subsidiary		
Investments in Quotas in BEML Brazil Industrial Ltda., 99.98% of the quotas held by BEML and balance held by the nominees of BEML.	**-**	185.55
In Equity Shares of Joint Venture Company :		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each, representing 45% share.	**542.25**	542.25
Less: Provision for diminution in value of investment in BEML Midwest Ltd.	**(542.25)**	(542.25)
Total trade investments	**257.60**	443.15
Other Investments		
Investment in Ordinary Shares of Co-operative Societies - Un-quoted, fully paid up		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	**0.03**	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	**0.01**	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	**-**	-
Total other investments	**0.04**	0.04
Total - Unquoted at cost	**257.64**	443.19

Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures)

Names	Nature	% holding	Country of Incorporation
Bangalore Metro Rail Consortium	Jointly Controlled Operation	-	-
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements due to litigation pending before Company Law Board as at 31st March, 2013. Hence, disclosure requirements under AS-27 (Financial Reporting of Interests in Joint Ventures) with regard to the Company's share in assets, liabilities, income & expenditure and its share in the contingent liabilities could not be complied with.

Note 13: Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Deferred Tax Liabilities (DTL)		
Related to Fixed Assets	**4,818.33**	4,327.04
Special Tools	**76.66**	166.44
Total DTL (A)	**4,894.99**	4,493.48
Deferred Tax Assets (DTA)		
Timing Difference under the Income Tax Act,1961	**15,418.83**	10,770.93
Total DTA (B)	**15,418.83**	10,770.93
Net Total (B-A)	**10,523.84**	6,277.45

Note 14 : Long-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Unsecured, considered good		
Capital Advances	**102.93**	1,071.91
Security Deposits	**440.89**	457.88
Loans and Advances to Related Parties [refer Note No.31 (C)]	**599.56**	599.56
Inter Corporate Loan	**9,853.04**	11,495.21
Other Loans and Advances [see note (a) below]	**5,896.34**	5,862.09
Advance Income Tax (net of provision)	**11,271.13**	8,121.90
Pre paid expenses & Other advances	**134.09**	169.35
Sub-total	**28,297.98**	27,777.90
Doubtful		
Other Loans and Advances	**120.19**	138.69
Less : Provision for doubtful advances	**120.19**	138.69
Sub-total	**-**	-
Total	**28,297.98**	27,777.90
Due by officers of the company	**66.74**	34.99

a. The Company has entered into a Consortium Agreement with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹4800 Lakhs towards the total bid consideration of ₹10000 Lakhs towards the said acquisition based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the Consortium. The Company has incurred a sum of ₹5514.02 Lakhs (Previous Year - ₹5381.30 Lakhs), including the said bid consideration. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The Company's control over MIL is intended to be temporary. The said sum of ₹5514.02 Lakhs is included under the head 'Other Loans and Advances'.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated on 25.08.2010 for the intended purpose. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a joint venture Company by following due process of law and eventually be converted into a joint venture company. The Company has incurred a sum of ₹599.56 Lakhs on account of MIL, which sum is also included under the head 'Long-Term Loans and Advances'.

Note 15 : Other Non-Current Assets

(₹ in Lakhs)

Particulars	**As at 31st March 2013**	As at 31st March 2012
Others		
Gold coins on Hand	**9.57**	9.57
Special Tools	**236.26**	512.99
Total	**245.83**	522.56

Note 16 : Current Investments

(₹ in Lakhs)

Particulars	**As at 31st March 2013**	As at 31st March 2012
Long Term, unquoted at cost		
Trade Investments		
In Quotas of Foreign Subsidiary		
Investments in Quotas In BEML Brazil Industrial Ltda., 99.98% of the quotas held by BEML and balance held by the nominees of BEML.	**185.55**	-
Less: Provision for diminution in value	**(29.85)**	-
Total	**155.70**	**-**

Note 17 : Inventories (Lower of cost or Net realisable value)

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Raw materials & Components	**55,296.56**	55,468.52
Raw materials & Components in Transit	**7,143.48**	10,205.01
Stores and Spares	**2,330.54**	2,667.10
Work-in-Progress	**73,029.04**	60,497.04
Finished Goods	**67,222.43**	71,665.96
Finished Goods in Transit	**822.51**	2,293.47
Stock of Spares	**36,152.45**	35,631.70
Stock of Spares in Transit	**107.46**	817.49
Hand tools	**1,828.02**	1,681.66
Scrap	**1,687.43**	1,312.71
Total	**245,619.92**	242,240.66

a. Negative work orders amounting to ₹624.56 Lakhs (Previous Year - ₹817.13 Lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on cost of production on this account.

b. Raw materials & Components includes materials lying with sub contractors ₹1910.63 Lakhs (Previous Year - ₹3463.00 Lakhs).

c. The closing stock of work-in-progress and finished goods are stated at lower of standard cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.

d. Variances arising on account of difference between standard cost and the actual cost, on account of change in the nature of inputs from bought-out to internally manufactured or vice versa, timing difference between standard cost and actual occurrence during the financial period and fluctuations in the material prices, is adjusted in the cost of production in order not to carry forward the period variances to subsequent financial period.

e. Provision towards obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.

f. The inventory does not include the value of materials received free of cost from customers and held in trust for utilisation in manufacture of their products.

Note 18 : Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Unsecured, considered good		
Outstanding for period exceeding six months *	**53,320.26**	46,099.92
Others	**32,830.88**	33,064.98
Unsecured, considered doubtful		
Outstanding for period exceeding six months	**12,228.59**	7,064.71
Allowance for bad and doubtful debts	**12,228.59**	7,064.71
Total	**86,151.14**	79,164.90

* i. Trade Receivables include ₹499.60 Lakhs (Previous Year - ₹1480.60 Lakhs) due from Railway Board, on the amount billed, relating to certain expenses incurred by the company on the supply of wheel sets. The Railway Board has agreed vide its amendment to sale order dated 18.10.12 to reimburse this claim at the lower of actuals paid by BEML as per documentary evidence or at the rates being paid by Ministry of Railways (MoR), subject to unconditional acceptance by the company. The company is yet to give its acceptance, pending clarification from Railway Board / the paying authority of Railway Board on the rates paid by MoR. The company does not expect any material impact on the final realization of this receivable.

ii. The company is having factoring arrangement with banks. Trade receivables amounting ₹17189.83 Lakhs (Previous Year - ₹20412.91 Lakhs) has been sold to the banks. This amount has been reduced from trade receivables 'Others' as on 31st March, 2013. [The factoring cost incurred is ₹1093.74 Lakhs. (Previous Year - ₹1506.07 Lakhs), included in Bank charges].

* iii. Trade receivables include ₹925.87 Lakhs (Previous Year - ₹925.87 Lakhs) towards interest rate difference on advance amount received from Ministry of Defence (MoD). This amount pertains to interest rate difference between deposit rate and interest recovered at the rate of 9.50% by MoD during FY 2006-07 , 2007-08 and 2009-10 from various bills. The matter has been taken up with MoD and it is under their consideration.

Note 19 : Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Balances with Banks	**7,290.71**	18,669.31
Balances with Banks - Unclaimed Dividend	**62.52**	74.38
Cheques, drafts on hand	**328.74**	491.20
Cash on hand	**10.49**	12.31
Total	**7,692.46**	19,247.20

Note 20 : Short-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Unsecured, considered good		
Balances with Public Utility concern	**11.13**	0.01
Loans and Advances to Related Parties [refer Note No.31 (C)]	**1,476.80**	1,041.02
Inter Corporate Loan	**1,642.17**	1,642.17
Balances with Govt. departments for Customs Duty, Excise Duty etc., including receivables	**15,203.15**	14,215.62
Other Loans and advances	**19,385.15**	24,287.85
Pre paid expenses & Other advances	**894.31**	629.46
Sub-total	**38,612.71**	41,816.13
Doubtful		
Other Loans and advances	**7,015.83**	567.63
Less : Provision for doubtful advances	**7,015.83**	567.63
Sub-total	**-**	-
Total	**38,612.71**	41,816.13
Due by Officers of the Company	**106.63**	146.29

Note 21 : Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Interest Accrued on bank deposits	**402.61**	127.55
Unbilled Revenue net of advances	**36,301.09**	21,432.71
Total	**36,703.70**	21,560.26

Unbilled Revenue include ₹11709.84 Lakhs (Previous Year - ₹7618.19 Lakhs) on account of additional provisional price accounted based on recommendation by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Rail Board.

Note 22 : Revenue including Excise Duty

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) sale of products:		
Earth Moving Equipment	**90,663.83**	127,201.62
Rail & Metro Products	**103,955.81**	55,676.47
Defence Products	**32,454.79**	39,280.72
Traded Goods	**7,698.04**	4,756.97
Spare Parts	**45,224.47**	54,149.56
Wind Energy	**317.53**	320.04
Sub-total	**280,314.47**	281,385.38
(b) sale of services;		
Design / IT Services	**540.18**	392.09
Equipment Servicing	**15,340.23**	6,927.92
Sub-total	**15,880.41**	7,320.01
(c) other operating revenues		
Export incentives	**255.12**	218.26
Sale of Scrap	**3,436.90**	3,133.98
Sub-total	**3,692.02**	3,352.24
Revenue including Excise Duty	**299,886.90**	292,057.63

i. Revenue including Excise Duty include ₹3891.36 Lakhs (Previous Year - ₹7258.70 Lakhs) recognised as additional provisional price in terms of Accounting Policy No. 7(iii) based on the price recommended for Rail coaches by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Rail Board. The difference, if any, is accounted in the year of finalisation of price.

ii. Revenue including Excise Duty includes revenue recognized for ₹12823.28 Lakhs (Previous Year - ₹7252.55 Lakhs) in respect of FOR destination contracts, in accordance with Accounting Standard 9 - Revenue Recognition, on the basis of custodian certificates accepting billing and title to the goods, having an effect of decreasing the Loss by ₹791.47 Lakhs (Previous Year - ₹Nil)

iii. The company has entered into a consortium agreement with three international partners for the supply of Metro coaches to Bangalore Metro Rail Corporation Ltd, (BMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on BMRCL and terminal excise duty and VAT thereon is discharged by the company.

Note 22A :

The total amount invoiced including the value of consortium scope of supply is as under: (₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Rail & Metro Products	**133,046.23**	128,455.60
Other products, services and other operating revenue	**195,931.09**	236,381.16
Sub-total	**328,977.32**	364,836.76
Less: Value of Consortium Supplies	**29,090.42**	72,779.13
Revenue including Excise Duty	**299,886.90**	292,057.63

Note 23 : Other Income (₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Interest Income		
- From Banks	**2,108.41**	172.06
- From Inter Corporate Loans	**1,549.04**	1,723.35
- From Other Advances	**3.62**	31.09
- Others	**390.78**	524.97
Net gain on sale of Fixed Assets	**10.16**	1.26
Income from Commission	**5.27**	5.48
Provisions written back		
- Doubtful debts & Advances	**424.90**	-
- Others	**1,577.36**	75.69
Other non-operating income	**4,289.85**	1,974.80
Total	**10,359.39**	4,508.70

a. Tax Deducted at Source on Income (₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
a) Interest on Call and Term Deposit from Banks	**210.72**	14.17
b) Inter Corporate Loans	**154.91**	172.34
c) Others	**7.81**	-

Note 24 : Cost of Materials Consumed (₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Cost of Materials consumed for manufactured products	**171,517.45**	180,040.96

Note 24A : Purchase of Stock-in-trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Purchase of Stock-in-trade	**910.17**	4,591.66

Note 25 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Opening Stock		
Work-in-progress	**60,497.04**	47,209.64
Finished Stock	**73,959.43**	44,616.26
Scrap	**1,312.71**	1,061.80
	135,769.18	92,887.70
Closing Stock		
Work-in-progress	**73,029.04**	60,497.04
Finished Stock	**68,044.94**	73,959.43
Scrap	**1,687.43**	1,312.71
	142,761.41	135,769.18
(Increase) / Decrease		
Work-in-progress	**(12,532.00)**	(13,287.40)
Finished Stock	**5,914.49**	(29,343.17)
Scrap	**(374.72)**	(250.91)
Total	**(6,992.23)**	(42,881.48)

Note 26 : Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Salaries, Wages & Bonus	**52,042.67**	50,450.71
Leave Salary	**4,770.69**	4,640.54
Contribution to:		
- Gratuity Fund	**4,791.60**	3,674.47
- Provident Fund and Other Funds	**5,262.03**	5,428.70
Voluntary Retirement Scheme	**-**	31.17
Staff welfare expenses	**7,544.57**	8,690.28
-Less receipts	**471.66**	407.82
Net staff welfare expenses	**7,072.91**	8,282.46
Total	**73,939.90**	72,508.05

A. Accounting Standard 15 (Employee Benefits)

a. Leave Salary

This is an unfunded defined benefit plan categorized under other long term employee benefits in terms of Revised Accounting Standard 15. The defined benefit obligation for compensated absence has been actuarially valued and liability provided accordingly.

Actuarial Assumptions	**Current Year**	Previous Year
	(Unfunded)	(Unfunded)
Mortality Table (LIC)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate	**8.10%**	8.60%
Rate of escalation salary	**5.00%**	5.00%

b. Post Retirement Contributory Medical Scheme

The company has a post retirement contributory medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated officers / workers who opt for the scheme. Company pays 2/3 rd insurance premium and the balance is paid by the superannuated officers / workers. The scheme was actuarially valued during the year and liability has been provided for.

Actuarial Assumptions	**Current Year**	Previous Year
	(Unfunded)	(Unfunded)
Expected proportion of the existing employees who will opt for the scheme at the time of retirement	**35.00%**	40.00%
Discount rate	**8.10%**	8.60%
Long term Medical inflation	**3.80%**	2.50%

c. Interest Rate Guarantee on Provident Fund

Provident Fund Trust of the Company has to declare interest on Provident Fund at a rate not less than that declared by the Employees' Provident Fund Organisation. In case the Trust is not able to meet the interest liability, Company has to make good the shortfall. Company has got the same actuarially valued and there is no additional liability that need to be provided for the year.

Actuarial Assumptions	**Current Year**	Previous Year
	(Funded)	(Funded)
Discount rate	**8.10%**	-
Rate of escalation salary	**5.00%**	-
Interest Rate Guarantee on Provident Fund	**8.50%**	-

d. Gratuity

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

(₹ in Lakhs)

Changes in the Present value of obligation	**Current Year**	Previous Year
Present value of obligation at 01.04.2012	**33,661.88**	33,410.67
Interest Cost	**2,589.51**	2,542.87
Current Service Cost	**1,085.72**	1,167.34
Benefits Paid	**(4,925.82)**	(5,547.31)
Actuarial (gain)/loss on obligations	**3,415.39**	2,088.31
Present value of obligation at 31.03.2013	**35,826.68**	33,661.88
Changes in the Fair value of Plan assets		
Fair value of plan assets at 01.04.2012	**25,660.81**	24,252.79
Expected return on plan assets	**2,267.81**	2,270.00
Contributions	**4,000.00**	4,831.27
Benefits paid	**(4,925.82)**	(5,547.31)
Actuarial gain/(loss) on plan assets	**31.21**	(145.94)
Fair value of plan assets at 31.03.2013	**27,034.01**	25,660.81
Reconciliation of obligations and fair value of plan assets		
Present value of obligation at 31.03.2013	**35,826.68**	33,661.88
Fair value of plan assets at 31.03.2013	**27,034.01**	25,660.81
Funded Status	**8,792.67**	8,001.07
Liability Existing	**4,001.07**	4,326.60
Liability recognized during the year	**4,791.60**	3,674.47
Expenses recognized during the year		
Current Service Cost	**1,085.72**	1,167.34
Interest Cost	**2,589.51**	2,542.87
Expected return on plan assets	**2,267.81**	2,270.00
Actuarial (gain)/loss on obligation	**3,415.39**	2,088.31
Actuarial gain/(loss) on plan assets	**31.21**	(145.94)
Net Cost	**4,791.60**	3,674.46
Investment Details	**%**	%
GOI Bonds	**1**	1
Others	**2**	2
Investment with LIC	**97**	97
Actuarial Assumptions		
Gratuity	**(Funded)**	(Funded)
Mortality Table (LIC)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate	**8.10%**	8.60%
Rate of return on plan assets	**9.50%**	9.00%
Rate of escalation salary	**5.00%**	5.00%

e. The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors The above information is certified by the actuary.

Note 27 : Finance Costs

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Interest expense		
On Cash Credit & Short term Loans	**8,209.13**	6,993.48
On Long Term Loans	**1,319.05**	358.57
On Non-convertible Debentures	**2,130.02**	-
On Inter Corporate Loans	**1,489.85**	1,410.18
Others	**951.29**	80.35
Total	**14,099.34**	8,842.58

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the year is ₹346.87 Lakhs (Previous Year - ₹53.17 Lakhs). Out of this a sum of ₹Nil (Previous Year - ₹1.88 Lakhs) related to previous year.

Note 28 : Other Expenses

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Consumption of stores and spare parts	**898.82**	1,036.38
Consumable Tools	**809.58**	1,349.22
Power and fuel	**3,353.98**	3,407.93
Rent	**286.58**	253.80
Hire Charges	**556.63**	561.95
Repairs & Maintenance		
Machinery & Equipment	**349.31**	839.26
Buildings	**377.54**	453.28
Others	**732.67**	734.66
Amortisation of Special Tools	**260.70**	627.44
Stationary	**165.51**	149.03
Insurance	**342.93**	346.86
Rates & Taxes	**659.58**	433.80
Bank Charges	**2,057.32**	2,217.95
Postage, Telegram, Telephones and Telex	**370.70**	363.32

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Commission on sales	**1,025.65**	75.14
Remuneration to Auditors (refer note 'b' below)	**31.96**	31.88
Legal & Professional Charges	**157.52**	137.70
Travelling Expenses	**1,298.47**	1,514.57
Publicity & Public Relations	**285.49**	627.17
Loss on Sale of Fixed Asset	**1.54**	0.78
Obsolescence	**609.87**	614.89
Bad Debts Written off	**77.35**	38.36
Defects & Spoilages	**423.20**	88.59
Works Contract Expenses	**3,306.77**	2,692.41
Expenses on Maintenance Contract	**2,974.95**	1,518.16
Excise duty on increase / (decrease) in Stock	**506.42**	4,440.79
Provision for Doubtful Debts & Advances	**9,321.45**	4,317.62
Provision for diminution in value of Current Investment	**29.85**	-
Provision for diminution in value of Non-current Investment	**-**	542.25
Warranty & Unexpired Obligations	**2,011.23**	2,220.80
Liquidated damages on sales	**719.55**	2,718.38
Miscellaneous expenses [refer Note 28(a)]	**12,165.75**	11,719.69
Total	**46,168.87**	46,074.06

a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹384.82 Lakhs. (Previous Year - ₹1345.61 Lakhs).

b. Break up of Remuneration to Auditors :

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) As Auditor	**8.50**	8.50
(b) Half yearly Audit fee	**3.60**	3.60
(c) for taxation matter	**2.40**	2.40
(d) Other Services - Certification Fees	**7.55**	6.71
(e) Reimbursement of Expenses	**9.91**	10.67
Total	**31.96**	31.88

Note 29 : Exceptional Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Income		
Liability Written back	**1,011.90**	2,882.42
	1,011.90	2,882.42
Expenditure	-	-
	-	-
Net Income / (Expenditure)	**1,011.90**	2,882.42

Note 30 : Prior Period Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Income		
Provision write back	-	452.39
Others	**1.50**	-
	1.50	452.39
Expenditure		
Material Consumption	**293.05**	291.63
Depreciation	-	2.65
Freight Charges	-	(114.41)
Interest	-	45.28
Advance written back	**(503.02)**	-
Others	**38.85**	54.03
	(171.12)	279.18
Net income / (Expenditure)	**172.62**	173.21

Note 31 : Other Disclosures

A. Basic/ Diluted Earnings Per Equity Share

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	**(7,987.15)**	5,724.50
Average Number of Shares	**41,644,500**	41,644,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	**(19.18)**	13.75

B. In terms of the Notification No.S.O. 301 (E) dt.08.02.2011 of the Ministry of Corporate Affairs, the Board at its meeting held on 18.05.2012 had given consent with regard to non-disclosure of quantitative information relating to purchases, sales, consumption of raw materials, gross income from services rendered, work-in-progress etc, to be shown under Broad heads, as required under paragraphs 5(ii) (d); 5 (iii); and 5 (viii) (a) to (e) except (d) of Part-II of Schedule VI of the Companies Act, 1956, in the Annual accounts for the Financial Year 2011-12 and onwards.

C. I. Change in Accounting Policy

During the year Company changed its Accounting Policy on the following :
1. i. To comply with the statutory requirement for treating the jigs & fixtures as fixed assets and as opined by the Expert Advisory Committee of ICAI, the Company changed its Accounting Policy adopted in the previous years of classifying all the jigs & fixtures as "Other non-current assets" and amortizing the same based on technical assessment.

As per the revised accounting policy, the Jigs & fixtures of unit value of ₹5.00 Lakhs and above are capitalized as 'Fixed Assets' and depreciated over a period of three years and of Unit value of below ₹5.00 lakhs are charged in the statement of profit and loss.

ii. Due to the above change in the accounting policy :
The Gross block of the fixed asset is increased by ₹1449.58 Lakhs, Accumulated depreciation increased by ₹1025.21 Lakhs and the net block of fixed assets increased by ₹424.37 Lakhs, Depreciation for the year increased by ₹285.65 Lakhs, Other Non-current assets decreased by ₹306.59 Lakhs and the loss for the year increased by ₹133.76 Lakhs. Had the company continued the earlier accounting policy, the 'Amortization of jigs & fixtures under Other expenses' would have been higher by ₹382.73 Lakhs and the Loss would have been higher by ₹248.97 Lakhs.

2. i. Similarly to comply with the statutory requirement for treating the Special Tools as Non-current assets and as opined by the Expert Advisory Committee of ICAI, the Company changed its Accounting Policy adopted in the previous years of amortising the Cost of Special Tools on the basis of technical assessment.

As per the revised accounting policy, Special Tools up to the unit value of ₹5000 are charged off in the year of incurrence and those above unit value of ₹5000 are amortised over a period of 3 years.

ii. In view of the adoption of new Accounting Policy the following amounts are charged to Statement of Profit & Loss

a. Value of Special Tools with unit value less than ₹ 5000 charged off during the year.	₹ 314.85 Lakhs
b. Amortisation during the year increased / (decreased) by	₹ 254.77 Lakhs
Total	₹ 569.62 Lakhs

Since, no technical assessment for amortisation of Special Tools under the old policy was carried out for the year, the impact of the change in the financial statement is not ascertainable.

II. Accounting Standard 18 (Related Party Transactions)

i. Name of the Subsidiary Company M/s. Vignyan Industries Limited, (VIL) Tarikere
Details of Transactions

(₹ in Lakhs)

Particulars	2012-13	2011-12
Sales	**930.10**	1,448.53
Purchases	**2,856.64**	3,967.77
Dividends Received	-	-
Corporate Guarantee given to Bankers	-	750.00
Amount payable towards supplies as on 31st March	-	52.25
Amount recoverable as on 31st March	**1,349.65**	910.24
Equity Investment held as on 31st March (at cost)	**252.60**	252.60
Salaries charged to VIL for BEML personnel deputed there.	**77.30**	75.41

ii. Name of the Subsidiary - M/s. MAMC Industries Limited [Refer Note 14 (a)]
Details of Transactions

(₹ in Lakhs)

Particulars	2012-13	2011-12
Equity Investment held as on 31st March (at cost)	**5.00**	5.00
Advances recoverable as on 31st March	**599.56**	599.56

iii. Name of the Subsidiary - M/s. BEML Brazil Industrial Ltda
Details of Transactions

(₹ in Lakhs)

Particulars	2012-13	2011-12
Investment in Quotas held as on 31st March (at cost)	**185.55**	185.55

iv. Name of the Joint Venture Company – M/s. BEML Midwest Limited, Hyderabad.
Shareholding 45%.
Details of Transactions

(₹ in Lakhs)

Particulars	2012-13	2011-12
Sales	-	-
Purchases	-	-
Advances recoverable as on 31st March	**127.15**	130.78
Corporate Guarantee given to Bankers as on 31st March	**1,912.50**	1,912.50
Amount payable towards supplies as on 31st March	**230.00**	231.88
Equity Investment held as on 31st March (at cost)	**542.25**	542.25

v. Remuneration to key management personnel

Name	(₹ in Lakhs)	Designation
Shri P.Dwarakanath		
2012-13	30.31	Chairman and Managing Director
2011-12	39.10	Director (Metro & Rail)
Shri.M.Pitchiah		
2012-13	31.09	Director (Finance)
2011-12	35.10	
Dr. M.Nellaiappan		
2012-13	28.04	Director (HR)
2011-12	31.63	
Shri.C.N. Durgesh		
2012-13	25.67	Director (Mining & Construction)
2011-12	22.94	
Shri. P.R.Naik		
2012-13	27.33	Director (Defence)
2011-12 *	19.88	
Shri. VRS Natarajan		
2012-13 *	18.78	Chairman and Managing Director
2011-12	58.85	
Shri. V. Mohan		
2012-13	-	
2011-12 *	17.41	Director (Defence)

* For part of the year

D. Contingent liabilities & Commitments

I. Contingent liabilities

a. Claims against the Company not acknowledged as debts

i . Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) ₹5452.75 Lakhs (Previous Year - ₹2459.40 Lakhs).

ii. Other claims - legal cases etc. ₹5116.17 Lakhs (Previous Year - ₹3196.17 Lakhs).

b. Guarantees

Corporate Guarantee issued to bankers on behalf of M/s. BEML Midwest Ltd (Joint Venture company) ₹1912.50 Lakhs (Previous Year - ₹1912.50 Lakhs).

c. Other money for which the company is contingently liable - ₹Nil (Previous Year - ₹Nil).

II. Commitments

a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹2414.20 Lakhs (Previous Year - ₹12934.25 Lakhs)
b. Uncalled liability on shares and other investments partly paid - ₹Nil (Previous Year - ₹Nil).
c. Other commitments (specify nature) - ₹Nil (Previous Year - ₹Nil).

NOTES

1. The company does not expect any re-imbursement in respect of above contingent Liabilities.
2. It is not practicable to estimate the timing of cash flows, if any, in respect of matters referred in I (a) above pending resolutions of the arbitration / appellate proceedings.
3. The cash flow in respect of matters referred to in I (b) above is generally expected to occur within 3 years.

E. Aggregate amount of Research & Development Expenses:

(₹ in Lakhs)

Particulars	**2012-13**	2011-12
Revenue Expenditure*	**8,700.06**	8,382.03
Capital Expenditure**	**735.90**	1,396.67

* The aggregate amount of Research & Development expenditure recognised as expenses during the period is as below:

a. Research & Development Revenue Expenditure:

(₹ in Lakhs)

Expenditure in R&D included in	**For the Year ended 31st March 2013**	For the Year ended 31st March 2012
Material Cost	**204.60**	432.15
Employee Remuneration	**3,473.37**	3,381.95
Depreciation	**893.01**	843.61
Power and Fuel	**25.61**	216.62
Repairs and Maintenance	**24.95**	146.66
Consumable Tools	**60.46**	0.55
Travelling	**80.65**	151.83
Other Expenses	**971.93**	459.43
Payment for PLM Software	**-**	438.77
Payment to Technology Providers	**278.70**	1,422.92
Prototype held in WIP	**-**	48.97
Prototype held in FGI	**809.00**	257.39
Cost of Sales of Prototype sold	**2,770.79**	1,424.79
Total R&D Revenue Expenditure	**9,593.07**	9,225.64
Less: Depreciation	**893.01**	843.61
Net R & D Expenditure	**8,700.06**	8,382.03
Sale value of prototype sold - included in net Sales	**2914.16**	2455.77

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2013 is as below.

b. Research & Development Capital Expenditure

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 01.04.2012	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Lease Hold	-	-	-	-	-	-	-	-	-	-
Roads & Drains	51.39	-	-	51.39	28.82	0.84	-	29.66	21.73	22.57
Water Supply Installations	12.60	-	-	12.60	12.39	0.04	-	12.43	0.17	0.21
Buildings	508.92	-	-	508.92	341.58	12.77	-	354.35	154.57	167.34
Plant, Machinery and Equipment	4,648.11	19.66	406.56	5,074.33	3,630.30	199.65	404.80	4,234.75	839.58	1,017.81
Electrical Installation	156.94	3.69	5.84	166.47	146.13	4.27	5.03	155.43	11.04	10.81
Furniture & Fixtures	186.48	0.12	58.10	244.70	135.49	13.53	49.08	198.10	46.60	50.99
Transport Vehicles	41.20	5.00	10.03	56.23	26.04	4.10	1.13	31.27	24.96	15.16
Intangible Assets										
Software	1,136.69	52.79	-	1,189.48	268.22	259.22	-	527.44	662.04	868.47
Technical Knowhow	2,282.38	654.64	-	2,937.02	442.06	398.59	-	840.65	2,096.37	1,840.32
Total Tangible & Intangible Assets	**9,028.00**	**735.90**	**480.53**	**10,244.43**	**5,031.03**	**893.01**	**460.04**	**6,384.08**	**3,860.35**	**3,996.97**
Previous Year	7,511.77	1,396.67	119.56	9,028.00	4,093.80	843.61	93.62	5,031.03	3,996.97	3,417.97

F. Accounting Standard 17 (Segment Reporting)

a. Primary Reporting - Business Segment

(₹ in Lakhs)

PARTICULARS	Railway		Defence		Mining & Construction		Others		Total	
	2012-13	2011-12	**2012-13**	2011-12	**2012-13**	2011-12	**2012-13**	2011-12	**2012-13**	2011-12
Revenue*										
External Revenue	**105,227.84**	55,336.00	**34,448.87**	44,856.78	**138,364.79**	167,000.12	**2,849.51**	5,455.98	**280,891.01**	272,648.88
Results :										
Segment Results	**6,270.21**	(1,513.00)	**(551.66)**	4,369.03	**(1,216.87)**	13,473.47	**(2,865.33)**	416.98	**1,636.35**	16,746.48
Unallocated Corporate Expenses									**5,006.92**	6,765.17
Operating Profit									**(3,370.57)**	9,981.31
Finance costs									**14,099.34**	8,842.58
Interest Income									**4,051.85**	2,451.47
Exceptional Items									**1,011.90**	2,882.42
Income Taxes									**(4,246.39)**	921.33
Prior Period Adjustments									**(172.62)**	(173.21)
Net Profit									**(7,987.15)**	5,724.50

*The company does not have any inter segment sales.

Revenue under Railway customer does not include ₹29090.42 Lakhs (Previous year - ₹72779.13 Lakhs) billed on behalf of the consortium by the company.

b.Segmental Capital Employed:

Fixed assets used in Company's business or liabilities incurred have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

c. Secondary Reporting

Since, more than 90% of total sales is within India, geographical reporting is considered not applicable

G. Advances, Balances with government departments, Trade Payables and receivables, Other loans and advances and deposits classified under non current and current are subject to confirmation. There are certain old balances pending review / adjustment. The management does not expect any significant impact upon such reconciliation.

H. Figures of previous year have been regrouped/ reclassified/ recast wherever necessary to conform to current year's presentation.

INDEPENDENT AUDITORS' REPORT

To the Members of BEML Limited

Report on the Financial Statements

We have audited the accompanying financial statements of BEML Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act').This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

We draw attention to:

1. Note no.18(i) in respect of trade receivables from Railway Board for ₹499.60 lakhs (Previous year - ₹1480.60 lakhs) and Note no.18 (iii) in respect of Trade receivables from Ministry of Defence for ₹925.87 lakhs (Previous year - ₹925.87 lakhs). The realization of these receivables depends on the final outcome of the settlement of the claims.

2. Note no. 22(ii) in respect of accounting of revenue including excise duty, for ₹12823.28 lakhs (Previous Year - ₹7252.55 lakhs) in respect of FOR destination contracts in accordance with Accounting Standard 9 - Revenue Recognition, on the basis of custodian certificates, accepting billing and title to the goods, having an effect of decreasing the loss by ₹791.47 lakhs (Previous year - ₹Nil).

3. Note no.31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables and receivables, other loans and advances and deposits.

Our opinion is not qualified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from offices not visited by us;

c. The Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub- section (3C) of section 211 of the Act;

e. Being a Government Company, the provisions of section 274(1)(g) of the Act, relating to disqualification of directors are not applicable to the Company in terms of Notification no: GSR 829(E) dated 21st October 2003.

For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

Bangalore.
May 29, 2013.

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 under the section 'Report on other legal and Regulatory requirements' of our report of even date.

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) Fixed assets have been physically verified by the management during the year. No material discrepancies have been noticed on such physical verification.

   (c) The disposals of fixed assets during the year were not substantial so as to affect the going concern status of the company.

2. (a) The Company has conducted physical verification of inventories excluding materials lying with third parties and work in progress during the year in accordance with the program designed to cover all items over a phased manner, **except at Rail Coach Division, where the physical verification program was not completed in respect of certain raw materials & components and stores & spares.** The management does not expect any material impact both in the value of inventory and its consequential impact on the Statement of Profit and Loss on completion of the physical verification program. According to the information and explanations given to us and in our opinion, the frequency of verification is reasonable.

   (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification, between the physical stocks and its book records were not material.

3. The Company has not granted or taken any secured or unsecured loans to or from companies, firms or such parties covered in the register maintained under Section 301 of the Companies Act 1956. Consequently clauses iii(a) to iii(g) of paragraph 4 of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations furnished to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. According to the information and explanations given to us and in our opinion, there are no contracts or arrangement by the Company with any party referred to in Section 301 of the Companies Act 1956, which are to be entered in the register required to be maintained under that section and hence the requirement of reporting on the reasonability of such transactions having

regard to the prevailing market prices made in pursuance of such contracts does not arise.

6. According to the information and explanations given to us and in our opinion the Company has not accepted any deposit from the public within the meaning of provisions of Sections 58A, 58AA and any other relevant provisions of the Act and the rules framed there under. Therefore, the provisions of clause (vi) of the paragraph 4 of the Order are not applicable to the Company.

7. In our opinion, the Company has an internal audit system, **the scope and coverage of which requires to be enlarged to be commensurate with the size of the company and the nature of its business.**

8. We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government under section 209(1)(d) of the Act for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed records have been made and maintained. We are not required to and, accordingly have not made a detailed examination of cost records.

9. (a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, auto cess and other material statutory dues with appropriate authorities. According to the information and explanations given to us and in our opinion no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were at arrears as at 31st March 2013 for a period of more than six months from the date they became payable,

   (b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sl.No	Name of the Statute	Nature of Disputed Tax	Amount (in lakhs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Excise duty including Interest and Penalty	1094.42	From 2003-04 to 2007-08	CESTAT, Bangalore
2		Excise duty including Interest and Penalty	316.00	From 2005-06 to 2010-11	Appellate Authority
3		Service Tax including Penalty	504.39	2004-05, 2006-07 & 2010-11	CESTAT, Bangalore
4		Service Tax	522.55	2006-07 to 2010-11	Appellate Authority

Sl.No	Name of the Statute	Nature of Disputed Tax	Amount (in lakhs)	Period to which the amount relates	Forum where the dispute is pending
5	The Customs Act, 1962	Custom Duty	13.39	2006-07	CESTAT, Bangalore
7	Sales Tax Act of various States	Sales Tax/ VAT	102.82	2003-04 & Dec 2005-March 2008	Karnataka Sales Tax Tribunal
8		Sales Tax/ VAT	892.69	1999-2000 & 2001-02 to 2003-04 & 2005-06 to 2007-08 & 2009-10	Revision & Appellate Board of various States
9		Sales Tax/ VAT	1760.80	From 1983-84 to 2009-10	Appellate Authorities
10	The Karnataka Municipal Corporation Act, 1976	Property Tax	109.11	From 1995-96 to 2005-06	City Civil Judge, Bangalore
		Property Tax	136.58	2011-12	City Municipality Council, KGF
Total			5452.75		

10. The Company does not have accumulated losses at the end of the financial year. It has incurred cash loss in the current financial year and did not incur cash loss in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanations given to us and in our opinion the Company has not defaulted in repayment of dues to banks and debenture holders.

12. According to the explanations given to us and in our opinion, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund company or a nidhi Company / mutual benefit company / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the company.

14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.

15. The Company has given guarantee for the loan taken by M/s BEML Midwest Limited, a Joint Venture Company. We are unable to comment whether the terms and conditions of this guarantee are prejudicial to the interest of the company in view of certain pending litigation, including claims and counter claims.

16. In our opinion, the Company did not raise any term loans during the year and hence the provisions for clause (xvi) of paragraph 4 of the Order are not applicable to the Company.

17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company as at 31st March 2013, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.

18. During the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

19. The company has created security in respect of debentures issued during the year.

20. The Company has not raised any monies by way of public issue during the year.

21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

Bangalore
May 29, 2013

Company replies to observations of Statutory Auditors in their Audit Report

Para No.	Auditors' Observations	Company's Reply
2(a)	The Company has conducted physical verification of inventories excluding materials lying with third parties and work in progress during the year in accordance with the program designed to cover all items over a phased manner, **except at Rail Coach Division, where the physical verification program was not completed in respect of certain raw materials & components and stores & spares.** The management does not expect any material impact both in the value of inventory and its consequential impact on the Statement of Profit and Loss on completion of the physical verification program. According to the information and explanations given to us and in our opinion, the frequency of verification is reasonable	Though physical verification was taken up the same could not be completed in Rail Coach Division due to busy production activities in the last quarter of the financial year. Physical Verification of Raw Materials & Components and Stores & Spares in Rail Coach Division will be completed in F.Y 2013-14. Company will be taking action for Physical verification of Work-in-Progress during F.Y 2013-14. Efforts will be made to obtain confirmation of materials lying with third parties in most cases.
7.	In our opinion, the Company has an internal audit system, **the scope and coverage of which requires to be enlarged to be commensurate with the size of the company and the nature of its business.**	Noted for compliance

Comment of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the annual accounts of BEML LIMITED for the year ended 31 March 2013.

The preparation of financial statements of BEML LIMITED for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of BEML LIMITED. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2013.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of BEML LIMITED for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and BEML LIMITED personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956 which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:

COMMENT ON PROFITABILITY

Balance Sheet

Short term loans and advances Note no.20

Other loans and advances (doubtful) – Provision for doubtful advances- ₹70.16 crore.

This does not include ₹8.18 crore, being increased rates of taxes and levies claimed by Company for deliveries effected during the extended delivery period and disallowed by the customer based on denial clause stipulated while extending the delivery period. This has resulted in understatement of provision for doubtful advances by ₹8.18 crore as well as Loss by the same amount.

(V.K.GIRIJAVALLABHAN)
Pr.Director of Commercial Audit

Place: Bangalore
Date: 15-07-2013.

Company's reply to the comment of Comptroller and Auditor General of India

C & AG comment	Company's Reply
COMMENT ON PROFITABILITY **Balance Sheet** **Short term loans and advances Note no.20** **Other loans and advances (doubtful) – Provision for doubtful advances- ₹70.16 crore.** This does not include ₹8.18 crore, being increased rates of taxes and levies claimed by Company for deliveries effected during the extended delivery period and disallowed by the customer based on denial clause stipulated while extending the delivery period. This has resulted in understatement of provision for doubtful advances by ₹8.18 crore as well as Loss by the same amount.	Taking into account the overall reading of the contract and amendments including the extension of the delivery period, it is clear that the increase / change in taxes and levies came into effect before the extended delivery schedule. Hence the denial clause is not applicable in this case. Moreover, there were delays in the deliveries of materials to be supplied by the customer for the manufacture, resulting in delays in the actual deliveries of the end product. The claim was disallowed by the designated paying authority of the customer and not the customer. Company has taken up the matter with the customer and based on the decision of the customer, treatment in the accounts will be decided. Thus the disallowance is purely an issue relating to difference in interpretation. Further these claims pertain to FY: 2011-12 and 2012-13 and hence provision for the same is not considered necessary at this point of time.

Consolidated Significant Accounting Policies

1. **Basis of Accounting**

   The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises of the mandatory Accounting Standards (AS) covered by the Companies (Accounting Standard) Rules 2006 issued by the Central Government, to the extent applicable, and the provisions of the Companies Act, 1956 and these have been consistently applied.

2. **Use of Estimates**

   The preparation of the financial statements in conformity with GAAP requires that the Management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. **Fixed Asset**

   A. Capitalisation

   a. The Fixed Assets are stated at cost.

   b. The cost of the Fixed Asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

   c. Expenditure on land development is capitalised.

   d. Expenditure on reconditioning, rebuilding and major overhaul of an asset are capitalized if technical assessment indicates increase in future benefits from the existing assets beyond its previously assessed standards of performance (increase in capacity or life or efficiency or productivity).

   e. Jigs and fixtures of unit value of ₹5 lakhs and above are capitalized and those with unit value below ₹5 lakhs are charged off in the year of incurrence.

   B. Depreciation

   a. Depreciation is charged on Straight Line Method basis at rates as per Schedule XIV of the Companies Act, 1956 (or such higher rates which in the opinion of the management are appropriate), calculated from the month following the month of capitalisation. Depreciation on additions or extensions to existing assets is provided so as to co- terminate with the life of the original asset if it becomes integral part of the existing asset or on useful life of the asset if it is capable of independent use.

   b. For Assets whose unit cost does not exceed ₹5000/- depreciation is provided at the rate of hundred percent in the year of capitalization.

c. Cost of leasehold land is amortised over the period of lease on pro-rata basis.

d. Jigs & Fixtures which are capitalized are depreciated over a period of three years.

C. Borrowing Cost

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset are capitalised as part of the cost of the asset.

D. Impairment of Assets

The company assesses the impairment of assets at each Balance sheet date. The loss on account of impairment, if any, is accounted accordingly.

4. Intangible Assets

a) Software

The cost of software internally generated /purchased for internal use which is not an integral part of the related hardware is recognised as an Intangible Asset and is amortised on straight line method based on technical assessment for a period not exceeding ten years. Software which is an integral part of related hardware is capitalised along with the hardware.

b) Technical Know-how

Expenditure on Technical Know-how is recognised as an Intangible Asset and amortised on straight line method based on technical assessment for a period not exceeding ten years.

For Sl.No. (a) & (b) above, amortization commences from the month following the month during which the asset is available for use.

5. Inventory Valuation

i) Raw materials, Components, Stores and Spare parts are valued at lower of Weighted Average Cost and estimated net realizable value.

ii) Work-in-progress is valued at lower of cost of materials, labour & production overheads based on normative capacity and estimated net realizable value.

iii) Finished stock is valued at lower of cost and estimated net realizable value.

iv) Estimated costs are considered wherever actual costs are not available.

v) The cost is adjusted for decline in value by writing down the value based on specific identification. Necessary provision is made for non-moving items.

vi) Based on technical assessment, provision is made for revalidation/ refurbishment of finished goods.

vii) Scrap is valued at estimated net realizable value.

6. Advances from customers

Advances from customers include advances / progress payments received as per letters of intent / sale contracts and are net after adjustments for sales accounted under respective contracts.

7. **Sales / Other Income**

(i) Sales for products viz., equipments, aggregates,attachments, spares and ancillary products is recognised when risks and rewards of ownership pass on to the customer as per contractual terms.

(ii) In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion and delivery period is more than 12 months and the value of the equipment/system is more than ₹25 crores, revenue is recognised on the 'percentage completion method'. Percentage completion is based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total cost of the product.

Since the outcome of such a contract can be estimated reliably only on achieving certain progress, revenue is recognised up to 25% progress only to the extent of costs thereafter revenue is recognised on proportionate basis and a contingency provision equal to 20% of the surplus of revenue over costs is made while anticipated losses are recognised in full.

(iii) Where sale prices are not established, sales are recognised provisionally at prices likely to be realised. Difference, if any, is accounted in the year of finalization of price.

(iv) Sales include excise duty wherever applicable but exclude sales tax.

(v) Duty drawback claims on exports are accounted on preferring the claims.

(vi) Claims for escalation are recognised as per escalation formula provided in the contract. If the contract does not provide for escalation, claim for the same is recognized on acceptance by the customer.

(vii) Where the contract provides for installation and commissioning and price for the same is agreed separately, revenue for installation and commissioning is recognised on conclusion of installation and commissioning. Where installation and commissioning fee is not separately stipulated, the revenue for the product is recognised, however, estimated cost as technically assessed for such installation and commissioning to be incurred, is provided for.

8. **Employee Benefits**

i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable, determined using actuarial valuation techniques. Actuarial gain and losses in respect of post-employment and other long term benefits are charged to the profit and loss account.

9. **Accounting for Foreign Currency Transactions**

i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount, the exchange rate prevailing as on the date of transaction.

ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by adopting the rate of exchange prevailing on the date of Balance Sheet.

iii) Exchange rate differences consequent to restatement / settlement are recognised as income / expenditure.

iv) In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit or loss in the reporting period in which the exchange rate changes.

10. **Contractual Obligations**

Warranty liability for contractual obligation in respect of equipments / spares sold to customers is ascertained on the basis of an annual technical assessment.

11. **Research & Development**

Research expenditure is charged off in the year of incurrence. The expenditure on development of new products is capitalized or where the same is intended for sale, it is inventorised. Amortization of the capitalised expenditure is on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences from the month following the month during which the asset is available for use. Expenditure on fixed assets relating to Research & Development is capitalised.

12. **Prior Period Items**

Prior period adjustments are those adjustments, which are over ₹1 lakh in each case, arising out of correction of errors and omissions made in the past years.

13. **Under / Over Absorption of Cost**

Adjustments for under / over absorption of costs on jobs, is made only if the extent of under / over recovery exceeds one percent of turnover.

14. **Taxes on Income**

The tax expense comprises of current tax and deferred tax. The provision for current tax is ascertained on the basis of assessable profits computed in accordance with provisions of the Income Tax Act, 1961. The deferred tax is recognised on all timing differences resulting from the recognition of differences resulting from the recognition of items in the financial statements and in estimating current income tax provision, subject to consideration of prudence in respect of deferred tax assets. The carrying amount of deferred tax asset/ liability is reviewed at each balance sheet date.

15. Leased Assets

Lease rentals recovered on assets given under operating leases are recognised in the Profit & Loss Account. Initial direct costs are expensed on incurrence.

16. Investments

Long-term investments are carried at cost. Permanent decline in the value of such investments is recognised and provided for. Current investments are carried at lower of cost and fair value.

17. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when
- A present obligation arises as a result of past events.

- It is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions are determined based on the best estimates required to fulfill the obligations on the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements.

18. Others

(i) Special Tools up to the unit value of ₹5000 are charged off in the year of incurrence and those above unit value of ₹5000 are amortized over a period of three years.

(ii) Hand tools are charged to expenses at the time of issue.

(iii) Expenditure on Voluntary Retirement Scheme is expensed in the year of incurrence.

Refer our report of even date attached

For and on behalf of the Board of Directors

For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

G.VIVEKANANTHAN
Partner
Membership No.:28339

M. PITCHIAH
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Consolidated Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2013	As at 31st March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	**4,177.22**	4,177.22
(b) Reserves and surplus	2	**203,803.76**	213,357.39
Sub-total		**207,980.98**	217,534.61
(2) Share application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	**49,811.05**	24,769.09
(b) Other Long term liabilities	4	**40,603.50**	41,700.73
(c) Long-term provisions	5	**14,916.67**	12,113.14
Sub-total		**105,331.22**	78,582.96
(4) Current liabilities			
(a) Short-term borrowings	6	**71,772.64**	69,711.70
(b) Trade payables	7	**49,260.20**	50,281.87
(c) Other current liabilities	8	**68,166.87**	59,644.83
(d) Short-term provisions	9	**19,668.09**	19,919.46
Sub-total		**208,867.80**	199,557.86
(5) Minority Interest		**21.58**	30.89
Total		**522,201.58**	495,706.32
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i)Tangible assets	10	**51,241.68**	51,233.34
(ii)Intangible assets	10	**2,820.50**	2,751.98
(iii)Capital work-in-progress	11	**11,322.87**	2,395.27
(iv)Intangible assets under development	11A	**2,855.77**	-
(b) Non-current investments	12	**5.04**	5.04
(c) Deferred tax assets (net)	13	**10,390.36**	6,186.67
Sub-total		**78,636.22**	62,572.30
(d) Long-term loans and advances	14	**28,472.94**	27,948.30
(e) Other non-current assets	15	**245.83**	522.56
Sub-total		**28,718.77**	28,470.86
(2) Current assets			
(a) Current Investments	16	-	-
(b) Inventories	17	**246,810.34**	243,540.32
(c) Trade receivables	18	**86,151.59**	79,168.24
(d) Cash and cash equivalents	19	**7,849.51**	19,433.42
(e) Short-term loans and advances	20	**37,327.17**	40,957.92
(f) Other current assets	21	**36,707.98**	21,563.26
Sub-total		**414,846.59**	404,663.16
Total		**522,201.58**	495,706.32

Note nos.1 to 31 and Consolidated Significant Accounting Policies annexed herewith form part of the financial statements.

As per our report of even date attached
For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

M. PITCHIAH
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Revenues:			
Revenue including Excise Duty	**22**	**299,026.20**	290,815.63
Less: Excise Duty [Refer Note 22(iii)]		**18,901.22**	19,311.23
Revenue from operations		**280,124.98**	271,504.40
Other income	**23**	**10,431.22**	4,520.64
Total Revenue		**290,556.20**	276,025.04
Expenses:			
Cost of materials consumed	**24**	**169,702.08**	177,793.71
Purchase of Stock-in-trade	**24A**	**910.17**	4,591.66
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade	**25**	**(6,812.48)**	(43,490.07)
Employee benefits expense	**26**	**74,522.68**	73,170.48
Finance costs	**27**	**14,145.48**	8,909.88
Depreciation and amortization expense	**10**	**5,102.12**	4,468.57
Other expenses	**28**	**46,666.44**	47,035.84
Minority Interest		**(9.31)**	2.23
Total Expenses		**304,227.18**	272,482.30
Profit / (Loss) before exceptional, extraordinary and prior period items and tax		**(13,670.98)**	3,542.74
Add/ (Less) : Exceptional items	**29**	**1,011.90**	2,882.42
Profit / (Loss) before Prior Period Adjustment		**(12,659.08)**	6,425.16
Add / (Less) Prior Period Adjustment	**30**	**126.43**	170.02
Profit / (Loss) before tax		**(12,532.65)**	6,595.18
Tax expense:			
(1) Current tax		-	2,644.25
(2) Deferred tax		**(4,203.69)**	(1,740.05)
Profit / (Loss) for the period	**31(A)**	**(8,328.96)**	5,690.98
Earnings per equity share: (₹10/- each) in ₹			
Basic and diluted	**31(A)**	**(20.00)**	13.67

Note nos.1 to 31 and Consolidated Significant Accounting Policies annexed herewith form part of the financial statements.

As per our report of even date attached
For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
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P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Consolidated Cash Flow Statement

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013		For the Year ended 31st March 2012	
	Sub items	Main items	Sub items	Main items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		**(12,532.65)**		6,595.18
Adjustments for				
Depreciation	**5,102.12**		4,468.57	
Amortisation	**260.70**		627.44	
Gain/loss on disposal of fixed assets	**(8.62)**		(0.48)	
Financing Cost	**14,145.48**		8,909.88	
Interest income	**(4,068.14)**		(2,457.42)	
Minority Interest	**(9.31)**		2.23	
Other Provisions	**14,949.98**		6,906.74	
		30,372.21		18,456.96
Operating Profit / (Loss) before changes in working capital		**17,839.56**		25,052.14
Adjustment for				
Inventories	**(2,919.80)**		(53,427.66)	
Trade & other receivables	**(27,140.29)**		8,336.22	
Other current assets	**16.03**		(570.00)	
Trade payables	**(1,021.67)**		5,884.50	
Other payables	**2,754.97**		46,054.36	
		(28,310.76)		6,277.42
Cash generated from operations		**(10,471.20)**		31,329.56
Direct taxes paid/refunded		**(3,149.23)**		(6,805.28)
Net cash flow from/used in operating activities		**(13,620.43)**		24,524.28
B. Cash flow from investing activities				
Purchase of Fixed Assets	**(13,370.17)**		(12,031.09)	
Purchase of intangible fixed assets	**(3,600.97)**		(773.47)	
Sale of tangible fixed assets	**8.62**		0.48	
Investments in subsidiaries	**-**		(5.00)	
Interest Received	**3,791.80**		2,329.87	
Net cash flow from/used in investing activities		**(13,170.72)**		(10,479.21)
C. Cash flow from financing activities				
Proceeds from ECB & long-term borrowings	**(438.46)**		13,245.42	
Proceeds from Bonds	**30,000.00**		-	
Proceeds from Packing Credit	**(5,163.00)**		5,163.00	
Repayment of Unsecured Loans	**(1,565.60)**		(1,565.60)	
Proceeds of short-term borrowings	**7,223.94**		(2,741.43)	
Financing Cost	**(12,429.62)**		(8,686.57)	
Dividend & Tax paid for equity shares	**(2,420.02)**		(4,856.11)	
Net cash flow from/used in financing activities		**15,207.24**		558.71
Net increase/(decrease) in cash and cash equivalents		**(11,583.91)**		14,603.78
Cash and Cash Equivalents, Beginning of the year		**19,433.42**		4,829.64
Cash and Cash Equivalents, Ending of the year		**7,849.51**		19,433.42

Refer our report of even date attached
For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
Firm Registration Number: 002510S

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

M. PITCHIAH
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 29.05.2013

M E V SELVAMM
Company Secretary

Notes forming part of Financial Statement

Basis of Preparation of Financial Statements

Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company's operating cycle is considered as twelve months for the purpose of current / non current classification of assets and liabilities.

Note 1 : Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2013		As at 31st March 2012	
	Number	**Amount**	Number	Amount
Authorised :				
Equity Shares of ₹ 10 each	**100,000,000**	**10,000.00**	100,000,000	10,000.00
Issued :				
Equity Shares of ₹ 10 each	**41,900,000**	**4,190.00**	41,900,000	4,190.00
Subscribed :				
Equity Shares of ₹ 10 each	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Paid-up :				
Equity Shares of ₹ 10 each, fully paid-up	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Forfeited Shares (amount originally paid) :				
Equity Shares of ₹ 5 each	**255,500**	**12.77**	255,500	12.77
Total		**4,177.22**		4,177.22

Rights and restrictions attached to equity shares

The company has only one class of share, i.e., equity shares having the face value of ₹10 per share. Each holder of equity share is entitled to one vote per share. Dividend is paid in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Disclosure requirements for 5 years	**Number of Shares**				
Particulars	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**
Shares allotted as fully paid up pursuant to contracts without payment being received in cash	**Nil**	Nil	Nil	Nil	Nil
Shares allotted as fully paid up by way of bonus shares	**Nil**	Nil	Nil	Nil	Nil
Shares bought back	**Nil**	Nil	Nil	Nil	Nil

Reconciliation of shares outstanding at the beginning and at the end of the period:

(₹ in Lakhs)

Particulars	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	**Amount**	No. of Shares	Amount
Outstanding as at Opening Date	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Add: Issued during the period	**-**	**-**	-	-
Less: Buy-back during the period (if any)	**-**	**-**	-	-
Outstanding as at Closing Date	**41,644,500**	**4,164.45**	41,644,500	4,164.45

Equity Shares held by shareholders having 5% or more	**As at 31st March 2013**		As at 31st March 2012	
Name of the shareholder	**No. of Shares**	**%**	No. of Shares	%
President of India	**22,500,000**	**54.03**	22,500,000	54.03
LIC of India	**2,777,566**	**6.67**	2,777,566	6.67

No shares of the Company is held by its subsidiaries. The Company does not have any holding company.

No shares of the Company is reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

Note 2 : Reserves & Surplus

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Capital Reserve		
Opening Balance	**105.82**	105.82
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	**105.82**	105.82
Nonimara Excellence Award Reserve		
Opening Balance	**1.44**	1.44
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	**1.44**	1.44

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Capital Reserve on Consolidation		
Opening Balance	**26.60**	26.60
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**26.60**	26.60
Securities Premium Reserve		
Opening Balance	**61,204.09**	61,204.09
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**61,204.09**	61,204.09
Capital Redemption Reserve		
Opening Balance	**10.00**	10.00
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**10.00**	10.00
General Reserve		
Opening Balance	**115,365.18**	114,792.73
Additions during the year	**3,631.84**	572.45
Deductions during the year	**-**	-
Closing Balance	**118,997.02**	115,365.18
Foreign Currency Translation Account		
Opening Balance	**27.12**	5.61
Additions during the year	**(6.62)**	21.51
Deductions during the year	**-**	-
Closing Balance	**20.50**	27.12
Balance in the Statement of Profit and Loss		
Opening Balance	**36,617.14**	33,918.63
Additions during the year	**(8,328.96)**	5,690.98
Less: Appropriations		
- Proposed dividend	**1,041.11**	2,082.23
- Tax on Dividend	**176.94**	337.79
- Transfer to General reserve	**3,631.84**	572.45
Closing Balance	**23,438.29**	36,617.14
Total	**203,803.76**	213,357.39

Note 3 : Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2013		As at 31st March 2012	
	Non-Current	Current	Non-Current	Current
Term Loans				
Secured from Banks				
i. From State Bank of Travancore, Secured on first charge by way of hypothecation of all movable including machinery, spares, tools, accessories present and future (except receivables and current assets) and equitable mortgage of immovable property at Palakkad Complex. Rate of interest 10.50%	**2,467.42**	**494.26**	3,209.86	-
ii. From State Bank of Mysore (₹190.28 Lakhs), Secured on first charge by way of hypothecation of fixed assets and second charge on current assets of the company and corporate guarantee of ₹750 Lakhs from BEML. Rate of interest 13.75%	-	-	-	190.28
iii.From Standard Chartered Bank, Secured by exclusive first charge on company's assets both movable/immovable to be acquired out of this facility. Rate of Interest 9.14%	**7,950.00**	**2,650.00**	10,600.00	-
iv. Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.24%	**30,000.00**	-	-	-
Unsecured From Other Parties				
Inter corporate loans against company's corporate guarantee	**9,393.63**	**1,565.60**	10,959.23	1,565.60
Total	**49,811.05**	**4,709.86**	24,769.09	1,755.88

Maturity Profile of Term Loans From Banks :

(₹ in Lakhs)

Name of the Bank	Maturity Profile						
	Interest Rate	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
State Bank of Travancore	10.50%	494.26	494.26	494.26	494.26	494.26	490.38
Standard Chartered bank	9.14%	2650.00	2650.00	2650.00	2650.00	-	-

Maturity Profile of Secured Redeemable Non-convertible Debentures :

(₹ in Lakhs)

Coupon Rate	2020-21	2021-22	2022-23
9.24% p.a payable semi-annually on 18th May & 18th November every year	10000.00	10000.00	10000.00

Maturity Profile of Unsecured Inter Corporate Loan :

(₹ in Lakhs)

Rate of Interest	Interest Rate	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bank Rate plus 3.50%, Currently 12.00%	12.00%	1565.60	1565.61	1565.60	1565.61	1565.60	1565.61	1565.60

Note 4 : Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Advance received	**40,113.93**	40,756.50
Deposits & EMD received	**31.66**	28.40
Others	**457.91**	915.83
Total	**40,603.50**	41,700.73

Note 5 : Long-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for employee benefits		
for Leave Salary	**11,636.09**	9,722.34
for Post retirement contributory medical scheme	**2,855.58**	2,221.33
Provision-others		
for warranty	**425.00**	169.47
Total	**14,916.67**	12,113.14

Note 6 : Short-Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Repayable on demand from banks		
Secured		
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of inventories, Bills receivable, Book Debts and all other movables both present and future)	**71,772.64**	64,548.70
Unsecured	-	5,163.00
Total	**71,772.64**	69,711.70

Note 7 : Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Micro, Small & Medium Enterprises	**3,491.78**	903.06
Others	**45,768.42**	49,378.81
Total	**49,260.20**	50,281.87

Micro, Small and Medium Enterprises

The information under MSMED Act, has been disclosed to the extent such vendors have been identified by the company during the year. The details of amounts outstanding to them based on available information with the Company is as under :

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Amount due and Payable at the year end		
- Principal	**2,245.35**	---
- Interest on above Principal	**239.45**	---
Payments made during the year after the due date		
- Principal	**8,800.69**	---
- Interest	**-**	---
Interest due and payable for principals already paid	**553.15**	---
Total Interest accrued and remained unpaid at year end	**792.60**	---

Note 8 : Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Current maturities of long term debt (Refer Note No. 3)	**4,709.86**	1,755.88
Interest accrued but not due on Borrowings	**1,222.05**	209.34
Interest accrued and due on Borrowings	**14.75**	104.20
Unclaimed dividends	**63.72**	75.58
Other payables		
a. Staff related dues	**4,838.28**	5,347.14
b. Statutory dues	**7,994.53**	4,325.67
c. Deposits & EMD received	**805.13**	821.65
d. ED provision on FGI/Others	**12,433.57**	12,318.19
e. Other dues	**9,674.25**	3,260.31
f. Advances and Deposits	**26,410.73**	31,426.87
Total	**68,166.87**	59,644.83

Note 9 : Short-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for employee benefits		
for Gratuity	**8,875.35**	8,061.83
for Leave Salary	**964.70**	1,949.50
for Performance Related Pay	**966.99**	1,430.99
for Post retirement contributory medical scheme	**344.56**	123.76
Provision-others		
Proposed dividend	**1,041.11**	2,082.23
Tax on dividend	**176.94**	337.79
Income Tax	**68.33**	68.33
for pending Legal cases	**477.56**	319.23
for warranty	**5,527.46**	4,730.60
for unexpired obligations	**1,225.09**	815.20
Total	**19,668.09**	19,919.46

Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

Particulars	As at 01.04.2012	Additions	Utilization	Reversal	As at 31.03.2013
Gratuity	8,061.83	4,825.52	4,012.00	-	8,875.35
Leave Salary	11,671.84	4,787.29	3,858.34	-	12,600.79
Post retirement contributory medical scheme	2,345.09	954.78	99.73	-	3,200.14
Performance Related Pay	1,430.99	-	464.00	-	966.99
Pending legal cases	319.23	164.37	6.04	-	477.56
Warranty	4,900.07	5,134.06	3,472.52	609.15	5,952.46
Unexpired Obligation	815.20	1,164.23	754.34	-	1,225.09
Total	**29,544.25**	**17,030.25**	**12,666.97**	**609.15**	**33,298.38**

Note 10 : Fixed Assets

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 01.04.2012	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets										
Land										
Free Hold	1,396.44	-	-	1,396.44	-	-	-	-	1,396.44	1,396.44
Lease Hold	7,715.39	-	-	7,715.39	100.00	29.34	(0.01)	129.33	7,586.06	7,615.39
Roads & Drains	2,618.72	0.43	-	2,619.15	525.06	41.50	0.02	566.58	2,052.57	2,093.66
Water Supply Installations	708.65	11.14	(0.01)	719.78	348.41	30.00	(0.02)	378.39	341.39	360.24
Buildings	21,089.88	147.53	(0.01)	21,237.40	5,751.06	573.46	-	6,324.52	14,912.88	15,338.82
Railway sidings	927.38	1.62	-	929.00	252.10	42.79	-	294.89	634.11	675.28
Plant, Machinery and Equipment	68,600.92	3,435.91	(319.38)	71,717.45	47,643.96	2,974.34	(317.34)	50,300.96	21,416.49	20,956.96
Electrical Installation	3,782.46	27.49	(28.27)	3,781.68	2,722.05	203.69	(28.26)	2,897.48	884.20	1,060.41
Furniture & Fixtures	1,464.14	11.77	(2.66)	1,473.25	958.27	46.68	(1.09)	1,003.86	469.39	505.87
Vehicles										
Given on Lease	519.64	31.16	(15.44)	535.36	110.29	50.98	(11.23)	150.04	385.32	409.35
Own Use	1,695.65	47.51	(27.64)	1,715.52	939.07	123.59	(21.28)	1,041.38	674.14	756.58
Office Equipment	504.26	23.51	(5.43)	522.34	439.92	23.42	(5.32)	458.02	64.32	64.34
Jigs & Fixtures	-	128.52	1,321.06	1,449.58	-	285.65	739.56	1,025.21	424.37	-
Total Tangible Assets	**111,023.53**	**3,866.59**	**922.22**	**115,812.34**	**59,790.19**	**4,425.44**	**355.03**	**64,570.66**	**51,241.68**	**51,233.34**
Previous Year	93,391.59	17,600.83	31.11	111,023.53	56,004.14	3,825.37	(39.32)	59,790.19	51,233.34	37,387.45

(₹ in Lakhs)

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2012	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 01.04.2012	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Intangible Assets										
Computer software	1,196.78	90.56	-	1,287.34	285.12	278.09	-	563.21	724.13	911.66
Technical Know how	2,282.39	654.64	-	2,937.03	442.07	398.59	-	840.66	2,096.37	1,840.32
Total Intangible Assets	**3,479.17**	**745.20**	**-**	**4,224.37**	**727.19**	**676.68**	**-**	**1,403.87**	**2,820.50**	**2,751.98**
Previous Year	2,805.25	773.47	(99.55)	3,479.17	103.20	643.20	(19.21)	727.19	2,751.98	2,702.05
Total Tangible & Intangible Assets C Y	**114,502.70**	**4,611.79**	**922.22**	**120,036.71**	**60,517.38**	**5,102.12**	**355.03**	**65,974.53**	**54,062.18**	**53,985.32**
Total Tangible & Intangible Assets P Y	96,196.84	18,374.30	(68.44)	114,502.70	56,107.34	4,468.57	(58.53)	60,517.38	53,985.32	40,089.50

A. Depreciation rate adopted by the company in respect of following assets is significantly higher than the statutory minimum rates prescribed under the Companies Act, 1956.

Assets	Rate adopted(%)	Rate as per Schedule XIV(%)
Water supply installations	7.42	1.63
Welfare equipments	7.42	4.75
Medical diagnostic equipment	7.42	7.07
Power generating equipment	15.00	4.75
Electrical installation	15.00	4.75
Communication equipment	15.00	4.75
Office equipment	15.00	4.75
Wind Mill	15.00	4.75
Computers	33.33	16.21
Mobile phones	33.33	4.75
Jigs & Fixtures	33.33	4.75

B. Accounting Standard 19 (Leases)

i) Office premises taken on lease

The Company's significant leasing arrangements are in respect of operating leases in respect of its leased office premises. These lease arrangements, which are cancellable, are generally renewable by mutual consent. The aggregate lease rentals paid is disclosed under rent in Note No. 28.

ii) Cars given on Lease on non cancellable basis

I. a) Gross Carrying amount	₹ 535.36 Lakhs	(Previous Year - ₹ 519.64 Lakhs)
b) Accumulated depreciation	₹ 150.04 Lakhs	(Previous Year - ₹ 110.29 Lakhs)
c) Accumulated impairment losses	₹ Nil	
(i) Depreciation recognized in the Statement of Profit & Loss Account	₹ 50.98 Lakhs	(Previous Year - ₹ 53.67 Lakhs)
(ii) Impairment losses recognized in the Statement of Profit & Loss Account	₹ Nil	(Previous Year - ₹ Nil)
(iii) Impairment losses reversed in the Statement of Profit & Loss Account	₹ Nil	(Previous Year - ₹ Nil)
II. Future minimum lease payments under non-cancellable operating leases – Leased cars		
(i) Not later than one year	₹ 68.10 Lakhs	(Previous Year - ₹ 52.10 Lakhs)
(ii) Later than one year but not later than five years	₹ 209.93 Lakhs	(Previous Year - ₹ 191.20 Lakhs)
(iii) Later than five years	₹ 107.29 Lakhs	(Previous Year - ₹ 136.64 Lakhs)
III. Total rent recognized as income in the Statement of Profit & Loss Account	₹ 58.66 Lakhs	(Previous Year - ₹ 42.49 Lakhs)

C. Fixed Assets

i) Buildings includes Cost of building at Kolkotta ₹26.82 Lakhs (Previous Year - ₹26.82 Lakhs) on lease with an option to buy for a nominal sum of ₹ 0.15 Lakhs at the end of 99 years from the date of taking possession viz., February'83 / April'84.

ii) Buildings includes cost of building at Mumbai and Ranchi pending registration / khatha transfer at ₹33.00 Lakhs (Previous Year - ₹33.00 Lakhs)

iii) The total amount towards Lease/Sale of facilities comprising mostly land, belonging to Bharat Gold Mines Limited (a Company under orders of winding up by BIFR) is yet to be ascertained. The Company has started utilising the facilities from May 2005 and a sum of ₹100 Lakhs has been paid, which is included under Long Term Loans & Advances (Note No.14). As the nature of transaction is undecided, no amount has been charged to the profit and loss account till date. The company has incurred an expenditure towards creation of fixed Assets for a gross value of ₹1452.95 Lakhs (Previous Year - ₹1395.95 Lakhs) included under Note No.10 & ₹Nil (Previous Year - ₹15.31 Lakhs) as capital work in progress included under Note No.11 totaling to ₹1452.95 Lakhs (Previous Year - ₹1411.26 Lakhs).

iv) Lease Hold Land includes Leased land allotted by Kerala Industrial Infrastructure Development Corporation measuring 374.59 acres on Lease premium of ₹2547.21 Lakhs for 99 years lease period with effect from 01.07.2009. Whereas actual land handed over by Kerala Industrial Infrastructure Development Corporation was measuring 374.16 acres after exclusions and revised the Lease Premium payable as ₹2544.29 Lakhs. Adjustment in financial statement will be made on formal amendment of Lease Agreement by Kerala Industrial Infrastructure Development Corporation.

v) Free Hold Land include land at cost ₹134.27 Lakhs at Hyderabad for which registration is pending.

vi) No Provision was considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying cost of these assets.

Note 11 : Capital Work-in-Progress

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Building	**743.68**	570.93
Equipment under inspection and in transit	**83.64**	94.91
Machinery	**9,962.67**	1,209.81
Others	**541.67**	519.62
Sub Total	**11,331.66**	2,395.27
Less: Provision	**8.79**	-
Total	**11,322.87**	2,395.27

Note 11A: Intangible assets under development

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Development Expenditure	**2,855.77**	-
Total	**2,855.77**	-

Note 12 : Non-Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Long Term, unquoted at cost		
Trade Investments		
In Equity Shares of Subsidiary Companies :		
In MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of ₹10 each [refer note 14 (a)]	**5.00**	5.00
In Equity Shares of Joint Venture Company :		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each, representing 45% share.	**542.25**	542.25
Less: Provision for diminution in value of investment in BEML Midwest Ltd.	**(542.25)**	(542.25)
Total trade investments	**5.00**	5.00
Other Investments		
Investment in Ordinary Shares of Co-operative Societies - Un-quoted, fully paid up		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	**0.03**	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	**0.01**	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	**-**	-
Total other investments	**0.04**	0.04
Total - Unquoted at cost	**5.04**	5.04

Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures)

Names	Nature	% holding	Country of Incorporation
Bangalore Metro Rail Consortium	Jointly Controlled Operation	-	-
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements due to litigation pending before Company Law Board as at 31st March, 2013. Hence, disclosure requirements under AS-27 (Financial Reporting of Interests in Joint Ventures) with regard to the Company's share in assets, liabilities, income & expenditure and its share in the contingent liabilities could not be complied with.

Note 13: Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Deferred Tax Liabilities (DTL)		
Related to Fixed Assets	**4,970.43**	4,477.00
Special Tools	**76.66**	166.44
Total DTL (A)	**5,047.09**	4,643.44
Deferred Tax Assets (DTA)		
Timing Difference under the Income Tax Act,1961	**15,418.83**	10,770.93
Provisions & Others	**-**	17.01
Others	**(7.70)**	23.05
Gratuity / Leave Liability	**26.32**	19.12
Total DTA (B)	**15,437.45**	10,830.11
Net Total (B-A)	**10,390.36**	6,186.67

Note 14 : Long-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Unsecured, considered good		
Capital Advances	**136.47**	1,105.45
Security Deposits	**496.46**	520.84
Loans and Advances to Related Parties [refer Note No.31 (C)]	**599.56**	599.56
Inter Corporate Loan	**9,853.04**	11,495.21
Other Loans and Advances [see note (a) below]	**5,903.82**	5,861.84
Advance Income Tax (net of provision)	**11,349.50**	8,195.94
Pre paid expenses & Other advances	**134.09**	169.46
Sub-total	**28,472.94**	27,948.30
Doubtful		
Other Loans and Advances	**120.19**	139.94
Less : Provision for doubtful advances	**120.19**	139.94
Sub-total	**-**	-
Total	**28,472.94**	27,948.30
Due by officers of the company	**66.74**	34.99

a. The Company has entered into a Consortium Agreement with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹4800 Lakhs towards the total bid consideration of ₹10000 Lakhs towards the said acquisition based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the Consortium. The Company has incurred a sum of ₹5514.02 Lakhs (Previous Year - ₹5381.30 Lakhs), including the said bid consideration. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The Company's control over MIL is intended to be temporary. The said sum of ₹5514.02 Lakhs is included under the head 'Other Loans and Advances'.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated on 25.08.2010 for the intended purpose. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a joint venture Company by following due process of law and eventually be converted into a joint venture company. The Company has incurred a sum of ₹599.56 Lakhs on account of MIL, which sum is also included under the head 'Long-Term Loans and Advances'. In the absence of extent of expenses incurred by other joint venture partners, the exact share in the assets and liabilities, income and expenditure from this Joint Venture is not known and hence the financial statement of this Joint Venture is not consolidated.

Note 15 : Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Others		
Gold coins on Hand	**9.57**	9.57
Special Tools	**236.26**	512.99
Total	**245.83**	522.56

Note 16 : Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
	-	-
Total	-	-

Note 17 : Inventories (Lower of cost or Net realisable value)

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Raw materials & Components	**55,578.96**	55,568.59
Raw materials & Components in Transit	**7,143.50**	10,205.03
Stores and Spares	**2,403.53**	2,765.59
Work-in-Progress	**74,012.04**	61,679.58
Finished Goods	**67,354.40**	71,778.14
Finished Goods in Transit	**822.51**	2,293.47
Stock of Spares	**36,152.45**	35,631.70
Stock of Spares in Transit	**107.46**	817.49
Patterns & Other Materials	**12.02**	9.57
Hand tools	**1,828.02**	1,681.66
Scrap	**1,687.43**	1,312.71
Unrealised Profit on Stock	**(291.98)**	(203.21)
Total	**246,810.34**	243,540.32

a. Negative work orders amounting to ₹624.56 Lakhs (Previous Year - ₹817.13 Lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on cost of production on this account.

b. Raw materials & Components includes materials lying with sub contractors ₹1910.63 Lakhs (Previous Year - ₹3463.00 Lakhs).

c. The closing stock of work-in-progress and finished goods are stated at lower of standard cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.

d. Variances arising on account of difference between standard cost and the actual cost, on account of change in the nature of inputs from bought-out to internally manufactured or vice versa, timing difference between standard cost and actual occurrence during the financial period and fluctuations in the material prices, is adjusted in the cost of production in order not to carry forward the period variances to subsequent financial period.

e. Provision towards obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.

f. The inventory does not include the value of materials received free of cost from customers and held in trust for utilisation in manufacture of their products.

Note 18 : Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Unsecured, considered good		
Outstanding for period exceeding six months *	**53,320.26**	46,099.92
Others	**32,831.33**	33,068.32
Unsecured, considered doubtful		
Outstanding for period exceeding six months	**12,228.59**	7,119.76
Allowance for bad and doubtful debts	**12,228.59**	7,119.76
Total	**86,151.59**	79,168.24

* i. Trade Receivables include ₹499.60 Lakhs (Previous Year - ₹1480.60 Lakhs) due from Railway Board, on the amount billed, relating to certain expenses incurred by the company on the supply of wheel sets. The Railway Board has agreed vide its amendment to sale order dated 18.10.12 to reimburse this claim at the lower of actuals paid by BEML as per documentary evidence or at the rates being paid by Ministry of Railways (MoR), subject to unconditional acceptance by the company. The company is yet to give its acceptance, pending clarification from Railway Board / the paying authority of Railway Board on the rates paid by MoR. The company does not expect any material impact on the final realization of this receivable.

ii. The company is having factoring arrangement with banks. Trade receivables amounting ₹17189.83 Lakhs (Previous Year - ₹ 20412.91 Lakhs) has been sold to the banks. This amount has been reduced from trade receivables 'Others' as on 31st March, 2013. [The factoring cost incurred is ₹1093.74 Lakhs. (Previous Year - ₹1506.07 Lakhs), included in Bank charges].

* iii. Trade receivables include ₹925.87 Lakhs (Previous Year - ₹925.87 Lakhs) towards interest rate difference on advance amount received from Ministry of Defence (MoD). This amount pertains to interest rate difference between deposit rate and interest recovered at the rate of 9.50% by MoD during FY 2006-07 , 2007-08 and 2009-10 from various bills. The matter has been taken up with MoD and it is under their consideration.

Note 19 : Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Balances with Banks	**7,291.96**	18,670.51
Balances with Banks - Unclaimed Dividend	**62.52**	74.38
Cheques, drafts on hand	**328.74**	491.20
Cash on hand	**166.29**	197.33
Total	**7,849.51**	19,433.42

Note 20 : Short-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Unsecured, considered good		
Balances with Public Utility concern	**11.13**	0.01
Loans and Advances to Related Parties [refer Note No.31 (C)]	**127.15**	130.78
Inter Corporate Loan	**1,642.17**	1,642.17
Balances with Govt. departments for Customs Duty, Excise Duty etc., including receivables	**15,226.85**	14,242.74
Other Loans and advances	**19,394.58**	24,292.11
Pre paid expenses & Other advances	**925.29**	650.11
Sub-total	**37,327.17**	40,957.92
Doubtful		
Other Loans and advances	**7,015.83**	567.63
Less : Provision for doubtful advances	**7,015.83**	567.63
Sub-total	**-**	-
Total	**37,327.17**	40,957.92
Due by Officers of the Company	**106.63**	146.29

Note 21 : Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2013	As at 31st March 2012
Interest Accrued on bank deposits	**406.89**	130.55
Unbilled Revenue net of advances	**36,301.09**	21,432.71
Total	**36,707.98**	21,563.26

Unbilled Revenue include ₹11709.84 Lakhs (Previous Year - ₹7618.19 Lakhs) on account of additional provisional price accounted based on recommendation by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Rail Board.

Note 22 : Revenue including Excise Duty

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) sale of products:		
Castings	**25.10**	115.08
Earth Moving Equipment	**90,663.83**	127,201.62
Rail & Metro Products	**103,955.81**	55,676.47
Defence Products	**32,454.79**	39,280.72
Traded Goods	**7,698.04**	4,756.97
Spare Parts	**45,224.47**	54,149.56
Wind Energy	**317.53**	320.04
Sub-total	**280,339.57**	281,500.46
(b) sale of services;		
Design / IT Services	**540.18**	392.09
Equipment Servicing	**15,340.23**	6,927.92
Sub-total	**15,880.41**	7,320.01
(c) other operating revenues		
Export incentives	**255.12**	218.26
Sale of Scrap	**2,551.10**	1,776.90
Sub-total	**2,806.22**	1,995.16
Revenue including Excise Duty	**299,026.20**	290,815.63

i. Revenue including Excise Duty include ₹3891.36 Lakhs (Previous Year - ₹7258.70 Lakhs) recognised as additional provisional price in terms of Accounting Policy No. 7(iii) based on the price recommended for Rail coaches by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Rail Board. The difference, if any, is accounted in the year of finalisation of price.

ii. Revenue including Excise Duty includes revenue recognized for ₹12823.28 Lakhs (Previous Year - ₹7252.55 Lakhs) in respect of FOR destination contracts, in accordance with Accounting Standard 9 - Revenue Recognition, on the basis of custodian certificates accepting billing and title to the goods, having an effect of decreasing the Loss by ₹791.47 Lakhs (Previous Year - ₹Nil)

iii. The company has entered into a consortium agreement with three international partners for the supply of Metro coaches to Bangalore Metro Rail Corporation Ltd, (BMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on BMRCL and terminal excise duty and VAT thereon is discharged by the company.

Note 22A :

The total amount invoiced including the value of consortium scope of supply is as under:

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Rail & Metro Products	**133,046.23**	128,455.60
Other products, services and other operating revenue	**195,070.39**	235,139.16
Sub-total	**328,116.62**	363,594.76
Less: Value of Consortium Supplies	**29,090.42**	72,779.13
Revenue including Excise Duty	**299,026.20**	290,815.63

Note 23 : Other Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Interest Income		
- From Banks	**2,118.91**	174.68
- From Inter Corporate Loans	**1,549.04**	1,723.35
- From Other Advances	**3.62**	31.09
- Others	**396.57**	528.30
Net gain on sale of Fixed Assets	**10.16**	1.26
Income from Commission	**5.27**	5.48
Provisions written back		
- Doubtful debts & Advances	**479.95**	-
- Others	**1,577.36**	77.17
Other non-operating income	**4,290.34**	1,979.31
Total	**10,431.22**	4,520.64

a. Tax Deducted at Source on Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
a) Interest on Call and Term Deposit from Banks	**210.72**	14.17
b) Inter Corporate Loans	**154.91**	172.34
c) Others	**7.81**	-

Note 24 : Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Cost of Material for manufactured products	**169,613.31**	177,679.28
Unrealised profit on stock	**88.77**	114.43
Cost of Material consumed for manufactured products	**169,702.08**	177,793.71

Note 24A : Purchase of Stock-in-trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Purchase of Stock-in-trade	**910.17**	4,591.66

Note 25 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Opening Stock		
Work-in-progress	**61,679.58**	47,895.77
Finished Stock	**74,071.61**	44,616.26
Scrap	**1,312.71**	1,061.80
	137,063.90	93,573.83
Closing Stock		
Work-in-progress	**74,012.04**	61,679.58
Finished Stock	**68,176.91**	74,071.61
Scrap	**1,687.43**	1,312.71
	143,876.38	137,063.90
(Increase) / Decrease		
Work-in-progress	**(12,332.46)**	(13,783.81)
Finished Stock	**5,894.70**	(29,455.35)
Scrap	**(374.72)**	(250.91)
Total	**(6,812.48)**	(43,490.07)

Note 26 : Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Salaries, Wages & Bonus	**52,485.01**	50,933.55
Leave Salary	**4,787.29**	4,655.65
Contribution to:		
- Gratuity Fund	**4,825.52**	3,735.98
- Provident Fund and Other Funds	**5,305.05**	5,467.75
Voluntary Retirement Scheme	**-**	31.17
Staff welfare expenses	**7,591.47**	8,754.20
-Less receipts	**471.66**	407.82
Net staff welfare expenses	**7,119.81**	8,346.38
Total	**74,522.68**	73,170.48

A. Accounting Standard 15 (Employee Benefits)

a. Leave Salary

This is an unfunded defined benefit plan categorized under other long term employee benefits in terms of Revised Accounting Standard 15. The defined benefit obligation for compensated absence has been actuarially valued and liability provided accordingly.

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Mortality Table (LIC)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate	**8.10%**	8.60%
Rate of escalation salary	**5.00%**	5.00%

b. Post Retirement Contributory Medical Scheme

The company has a post retirement contributory medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated officers / workers who opt for the scheme. Company pays 2/3 rd insurance premium and the balance is paid by the superannuated officers / workers. The scheme was actuarially valued during the year and liability has been provided for.

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Expected proportion of the existing employees who will opt for the scheme at the time of retirement	**35.00%**	40.00%
Discount rate	**8.10%**	8.60%
Long term Medical inflation	**3.80%**	2.50%

c. Interest Rate Guarantee on Provident Fund

Provident Fund Trust of the Company has to declare interest on Provident Fund at a rate not less than that declared by the Employees' Provident Fund Organisation. In case the Trust is not able to meet the interest liability, Company has to make good the shortfall. Company has got the same actuarially valued and there is no additional liability that need to be provided for the year.

Actuarial Assumptions	Current Year	Previous Year
	(Funded)	(Funded)
Discount rate	**8.10%**	-
Rate of escalation salary	**5.00%**	-
Interest Rate Guarantee on Provident Fund	**8.50%**	-

d. Gratuity

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

(₹ in Lakhs)

Changes in the Present value of obligation	Current Year	Previous Year
Present value of obligation at 01.04.2012	**34,019.59**	33,722.72
Interest Cost	**2,618.94**	2,568.77
Current Service Cost	**1,097.33**	1,179.37
Benefits Paid	**(4,999.80)**	(5,590.20)
Actuarial (gain)/loss on obligations	**3,444.07**	2,138.93
Present value of obligation at 31.03.2013	**36,180.13**	34,019.59
Changes in the Fair value of Plan assets		
Fair value of plan assets at 01.04.2012	**25,957.76**	24,549.23
Expected return on plan assets	**2,292.29**	2,297.03
Contributions	**4,023.33**	4,847.64
Benefits paid	**(4,999.80)**	(5,590.20)
Actuarial gain/(loss) on plan assets	**31.21**	(145.94)
Fair value of plan assets at 31.03.2013	**27,304.79**	25,957.76
Reconciliation of obligations and fair value of plan assets		
Present value of obligation at 31.03.2013	**36180.13**	34019.59
Fair value of plan assets at 31.03.2013	**27304.79**	25957.76
Funded Status	**8875.34**	8061.83
Liability Existing	**4,001.07**	4,326.60
Liability recognized during the year	**4,874.27**	3,735.23
Expenses recognized during the year		
Current Service Cost	**1097.33**	1179.37
Interest Cost	**2618.94**	2568.77
Expected return on plan assets	**2292.29**	2297.03
Actuarial (gain)/loss on obligation	**3444.07**	2138.93
Actuarial gain/(loss) on plan assets	**31.21**	(145.94)
Net Cost	**4836.84**	3735.98
Investment Details	**%**	%
GOI Bonds	**1**	1
Others	**2**	2
Investment with LIC	**97**	97
Actuarial Assumptions		
Gratuity	**(Funded)**	(Funded)
Mortality Table (LIC)	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Discount rate	**8.10%**	8.60%
Rate of return on plan assets	**9.50%**	9.00%
Rate of escalation salary	**5.00%**	5.00%

e. The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors The above information is certified by the actuary.

Note 27 : Finance Costs

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Interest expense		
On Cash Credit & Short term Loans	**8,234.51**	7,016.42
On Long Term Loans	**1,339.78**	401.93
On Non-convertible Debentures	**2,130.02**	-
On Inter Corporate Loans	**1,489.85**	1,410.18
Others	**951.32**	81.35
Total	**14,145.48**	8,909.88

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the year is ₹346.87 Lakhs (Previous Year - ₹53.17 Lakhs). Out of this a sum of ₹Nil (Previous Year - ₹1.88 Lakhs) related to previous year.

Note 28 : Other Expenses

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Consumption of stores and spare parts	**898.82**	1,036.38
Consumable Tools	**809.58**	1,349.22
Power and fuel	**3,600.03**	3,894.44
Machining & Fettling Charges	**75.05**	170.30
Moulding Charges	**27.75**	165.69
Rent	**286.58**	253.80
Hire Charges	**556.63**	561.95
Repairs & Maintenance		
Machinery & Equipment	**352.66**	845.83
Buildings	**378.10**	454.55
Others	**741.56**	744.60
Amortisation of Special Tools	**260.70**	627.44
Stationary	**166.00**	151.46
Insurance	**344.35**	348.60
Rates & Taxes	**669.51**	437.23
Bank Charges	**2,057.32**	2,220.24
Postage, Telegram, Telephones and Telex	**375.21**	367.39
Commission on sales	**1,025.65**	75.14
Remuneration to Auditors (refer note 'b' below)	**32.81**	32.74
Legal & Professional Charges	**168.35**	150.54

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Travelling Expenses	**1,304.31**	1,521.77
Publicity & Public Relations	**285.49**	627.49
Loss on Sale of Fixed Asset	**1.54**	0.78
Obsolescence	**609.87**	614.89
Bad Debts Written off	**77.35**	62.66
Defects & Spoilages	**497.43**	88.59
Works Contract Expenses	**3,306.77**	2,692.41
Expenses on Maintenance Contract	**2,974.95**	1,518.16
Excise duty on increase / (decrease) in Stock	**519.39**	4,440.79
Provision for Doubtful Debts & Advances	**9,330.24**	4,372.67
Provision for diminution in value of Non-current Investment	**-**	542.25
Warranty & Unexpired Obligations	**2,011.23**	2,220.80
Liquidated damages on sales	**719.55**	2,718.38
Miscellaneous expenses [refer Note 27(a)]	**12,201.66**	11,726.66
Total	**46,666.44**	47,035.84

a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹385.09 Lakhs. (Previous Year - ₹1345.61 Lakhs).

b. Break up of Remuneration to Auditors :

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) As Auditor	**9.00**	9.00
(b) Half yearly Audit fee	**3.85**	3.83
(c) for taxation matter	**2.40**	2.40
(d) Other Services - Certification Fees	**7.55**	6.71
(e) Reimbursement of Expenses	**10.01**	10.80
TOTAL	**32.81**	32.74

Note 29 : Exceptional Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Income		
Liability Written back	**1,011.90**	2,882.42
	1,011.90	2,882.42
Expenditure	-	-
	-	-
Net Income / (Expenditure)	**1,011.90**	2,882.42

Note 30 : Prior Period Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Income		
Provision write back	**-**	452.39
Others	**1.50**	-
	1.50	452.39
Expenditure		
Material Consumption	**293.05**	291.63
Depreciation	**-**	2.65
Freight Charges	**-**	(114.41)
Interest	**-**	45.28
Advance written back	**(503.02)**	-
Others	**85.04**	57.22
	(124.93)	282.37
Net income / (Expenditure)	**126.43**	170.02

Note 31 : Other Disclosures

A. Basic/ Diluted Earnings Per Equity Share

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	**(8,328.96)**	5,690.98
Average Number of Shares	**41,644,500**	41,644,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	**(20.00)**	13.67

B. In terms of the Notification No.S.O. 301 (E) dt.08.02.2011 of the Ministry of Corporate Affairs, the Board at its meeting held on 18.05.2012 had given consent with regard to non-disclosure of quantitative information relating to purchases, sales, consumption of raw materials, gross income from services rendered, work-in-progress etc, to be shown under Broad heads, as required under paragraphs 5(ii) (d); 5 (iii); and 5 (viii) (a) to (e) except (d) of Part-II of Schedule VI of the Companies Act, 1956, in the Annual accounts for the Financial Year 2011-12 and onwards.

C. I. Change in Accounting Policy

During the year Company changed its Accounting Policy on the following :
1. i. To comply with the statutory requirement for treating the jigs & fixtures as fixed assets and as opined by the Expert Advisory Committee of ICAI, the Company changed its Accounting Policy adopted in the previous years of classifying all the jigs & fixtures as "Other non-current assets" and amortizing the same based on technical assessment.

As per the revised accounting policy, the Jigs & fixtures of unit value of ₹5.00 Lakhs and above are capitalized as 'Fixed Assets' and depreciated over a period of three years and of Unit value of below ₹5.00 lakhs are charged in the statement of profit and loss.

ii. Due to the above change in the accounting policy :
The Gross block of the fixed asset is increased by ₹1449.58 Lakhs, Accumulated depreciation increased by ₹1025.21 Lakhs and the net block of fixed assets increased by ₹424.37 Lakhs, Depreciation for the year increased by ₹285.65 Lakhs, Other Non-current assets decreased by ₹306.59 Lakhs and the loss for the year increased by ₹133.76 Lakhs. Had the company continued the earlier accounting policy, the 'Amortization of jigs & fixtures under Other expenses' would have been higher by ₹382.73 Lakhs and the Loss would have been higher by ₹248.97 Lakhs.

2. i. Similarly to comply with the statutory requirement for treating the Special Tools as Non-current assets and as opined by the Expert Advisory Committee of ICAI, the Company changed its Accounting Policy adopted in the previous years of amortising the Cost of Special Tools on the basis of technical assessment.

As per the revised accounting policy, Special Tools up to the unit value of ₹5000 are charged off in the year of incurrence and those above unit value of ₹5000 are amortised over a period of 3 years.

ii. In view of the adoption of new Accounting Policy the following amounts are charged to Statement of Profit & Loss

a. Value of Special Tools with unit value less than ₹5000 charged off during the year.	₹ 314.85 Lakhs
b. Amortisation during the year increased / (decreased) by	₹ 254.77 Lakhs
Total	₹ 569.62 Lakhs

Since, no technical assessment for amortisation of Special Tools under the old policy was carried out for the year, the impact of the change in the financial statement is not ascertainable.

II. Accounting Standard 18 (Related Party Transactions)

i. Name of the Subsidiary - M/s. MAMC Industries Limited [Refer Note 14 (a)]

Details of Transactions

(₹ in Lakhs)

Particulars	2012-13	2011-12
Equity Investment held as on 31st March (at cost)	**5.00**	5.00
Advances recoverable as on 31st March	**599.56**	599.56

ii. Name of the Joint Venture Company – M/s. BEML Midwest Limited, Hyderabad. Shareholding 45%.

Details of Transactions

(₹ in Lakhs)

Particulars	2012-13	2011-12
Sales	**-**	-
Purchases	**-**	-
Advances recoverable as on 31st March	**127.15**	130.78
Corporate Guarantee given to Bankers as on 31st March	**1,912.50**	1,912.50
Amount payable towards supplies as on 31st March	**230.00**	231.88
Equity Investment held as on 31st March (at cost)	**542.25**	542.25

iii. Remuneration to key management personnel

Name	(₹ in Lakhs)	Designation
Shri P.Dwarakanath		
2012-13	30.31	Chairman and Managing Director
2011-12	39.10	Director (Metro & Rail)
Shri.M.Pitchiah		
2012-13	31.09	Director (Finance)
2011-12	35.10	
Dr. M.Nellaiappan		
2012-13	28.04	Director (HR)
2011-12	31.63	
Shri.C.N. Durgesh		
2012-13	25.67	Director (Mining & Construction)
2011-12	22.94	
Shri. P.R.Naik		
2012-13	27.33	Director (Defence)
2011-12 *	19.88	
Shri. VRS Natarajan		
2012-13 *	18.78	Chairman and Managing Director
2011-12	58.85	
Shri. V. Mohan		
2012-13	-	
2011-12 *	17.41	Director (Defence)

* For part of the year.

D. Contingent liabilities & Commitments

I. Contingent liabilities

a. Claims against the Company not acknowledged as debts

i . Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) ₹5452.75 Lakhs (Previous Year - ₹2459.40 Lakhs).

ii. Other claims - legal cases etc. ₹5125.03 Lakhs (Previous Year - ₹3196.17 Lakhs).

b. Guarantees

Corporate Guarantee issued to bankers on behalf of M/s. BEML Midwest Ltd (Joint Venture company) ₹1912.50 Lakhs (Previous Year - ₹1912.50 Lakhs).

c. Other money for which the company is contingently liable - ₹Nil (Previous Year - ₹Nil).

II. Commitments

a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2414.20 Lakhs (Previous Year - ₹ 12934.25 Lakhs)
b. Uncalled liability on shares and other investments partly paid - ₹Nil (Previous Year - ₹Nil).
c. Other commitments (specify nature) - ₹Nil (Previous Year - ₹ Nil).

NOTES

1. The company does not expect any re-imbursement in respect of above contingent Liabilities.
2. It is not practicable to estimate the timing of cash flows, if any, in respect of matters referred in I (a) above pending resolutions of the arbitration / appellate proceedings.
3. The cash flow in respect of matters referred to in I (b) above is generally expected to occur within 3 years.

E. Aggregate amount of Research & Development Expenses:

(₹ in Lakhs)

Particulars	2012-13	2011-12
Revenue Expenditure*	**8,700.06**	8,382.03
Capital Expenditure**	**735.90**	1,396.67

* The aggregate amount of Research & Development expenditure recognised as expenses during the period is as below:

a. Research & Development Revenue Expenditure:

(₹ in Lakhs)

Expenditure in R&D included in	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Material Cost	**204.60**	432.15
Employee Remuneration	**3,473.37**	3,381.95
Depreciation	**893.01**	843.61
Power and Fuel	**25.61**	216.62
Repairs and Maintenance	**24.95**	146.66
Consumable Tools	**60.46**	0.55
Travelling	**80.65**	151.83
Other Expenses	**971.93**	459.43
Payment for PLM Software	-	438.77
Payment to Technology Providers	**278.70**	1,422.92
Prototype held in WIP	-	48.97
Prototype held in FGI	**809.00**	257.39
Cost of Sales of Prototype sold	**2,770.79**	1,424.79
Total R&D Revenue Expenditure	**9,593.07**	9,225.64
Less: Depreciation	**893.01**	843.61
Net R & D Expenditure	**8,700.06**	8,382.03
Sale value of prototype sold - included in net Sales	**2914.16**	2455.77

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2013 is as below.

b. Research & Development Capital Expenditure

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 01.04.2012	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Lease Hold	-	-	-	-	-	-	-	-	-	-
Roads & Drains	51.39	-	-	51.39	28.82	0.84	-	29.66	21.73	22.57
Water Supply Installations	12.60	-	-	12.60	12.39	0.04	-	12.43	0.17	0.21
Buildings	508.92	-	-	508.92	341.58	12.77	-	354.35	154.57	167.34
Plant, Machinery and Equipment	4,648.11	19.66	406.56	5,074.33	3,630.30	199.65	404.80	4,234.75	839.58	1,017.81
Electrical Installation	156.94	3.69	5.84	166.47	146.13	4.27	5.03	155.43	11.04	10.81
Furniture & Fixtures	186.48	0.12	58.10	244.70	135.49	13.53	49.08	198.10	46.60	50.99
Transport Vehicles	41.20	5.00	10.03	56.23	26.04	4.10	1.13	31.27	24.96	15.16
Intangible Assets										
Software	1,136.69	52.79	-	1,189.48	268.22	259.22	-	527.44	662.04	868.47
Technical Knowhow	2,282.38	654.64	-	2,937.02	442.06	398.59	-	840.65	2,096.37	1,840.32
Total Tangible & Intangible Assets	**9,028.00**	**735.90**	**480.53**	**10,244.43**	**5,031.03**	**893.01**	**460.04**	**6,384.08**	**3,860.35**	**3,996.97**
Previous Year	7,511.77	1,396.67	119.56	9,028.00	4,093.80	843.61	93.62	5,031.03	3,996.97	3,417.97

F. Accounting Standard 17 (Segment Reporting)

a. Primary Reporting - Business Segment

(₹ in Lakhs)

PARTICULARS	Railway		Defence		Mining & Construction		Others		Total	
	2012-13	2011-12	**2012-13**	2011-12	**2012-13**	2011-12	**2012-13**	2011-12	**2012-13**	2011-12
Revenue*										
External Revenue	**105,227.84**	55,119.64	**34,448.87**	44,856.78	**137,598.76**	166,072.00	**2,849.51**	5,455.98	**280,124.98**	271,504.40
Results :										
Segment Results	**6,270.21**	(1,513.00)	**(551.66)**	4,369.03	**(1,439.94)**	13,487.36	**(2,865.33)**	416.98	**1,413.28**	16,760.37
Unallocated Corporate Expenses									**5,006.92**	6,765.17
Operating Profit									**(3,593.64)**	9,995.20
Finance costs									**14,145.48**	8,909.88
Interest Income									**4,068.14**	2,457.42
Exceptional Items									**1,011.90**	2,882.42
Income Taxes									**(4,203.69)**	904.20
Prior Period Adjustments									**(126.43)**	(170.02)
Net Profit									**(8,328.96)**	5,690.98

*The company does not have any inter segment sales.

Revenue under Railway customer does not include ₹29090.42 Lakhs (Previous year - ₹72779.13 Lakhs) billed on behalf of the consortium by the company.

b.Segmental Capital Employed:

Fixed assets used in Company's business or liabilities incurred have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

c. Secondary Reporting

Since, more than 90% of total sales is within India, geographical reporting is considered not applicable

G. Advances, Balances with government departments, Trade Payables and receivables, Other loans and advances and deposits classified under non current and current are subject to confirmation. There are certain old balances pending review / adjustment. The management does not expect any significant impact upon such reconciliation.

H. Figures of previous year have been regrouped/ reclassified/ recast wherever necessary to conform to current year's presentation.

Independent Auditors' Report on Consolidated Financial Statements

To the Board of Directors of BEML Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BEML Limited ('the Company') and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

1. ***As explained in Note 12, the financial statements of the BEML Midwest Limited, a Joint Venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, have not been determined.***

2. ***As explained in Note 14(a) the control in MAMC Industries Limited is considered as temporary till it is converted to a joint venture company upon finalization of Joint Venture Agreement. As per the accounting principles, the financial statements should have been consolidated either as a subsidiary or as a joint venture. The effects on the consolidated financial statements, of the failure to consolidate this company have not been determined.***

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) ***In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March31, 2013;***

b) ***in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and***

c) ***In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.***

Emphasis of Matter:

We draw attention to:

1. Note no.18 (i) in respect of trade receivables from Railway Board for ₹499.60 lakhs (Previous year - ₹1480.60 lakhs) and Note no18(iii)in respect of Trade receivables from Ministry of Defence for ₹925.87 lakhs (Previous year -₹925.87 lakhs). The realization of these receivables depends on the final outcome of the settlement of the claims.

2. Note no. 22(ii) in respect of accounting of revenue including excise duty, for ₹12823.28 lakhs (Previous Year - ₹7252.55 lakhs) in respect of FOR destination contracts in accordance with Accounting Standard 9- Revenue Recognition, on the basis of custodian certificates, accepting billing and title to the goods, having an effect of decreasing the loss by ₹791.47 lakhs (Previous year - ₹Nil).

3. Note no.31 (G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables and receivables, other loans and advances and deposits.

Our opinion is not qualified in respect of the above matters.

Other Matters

1. We did not audit the financial statements of the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of ₹2713.63 Lakhs as at 31st March 2013 and total revenue of ₹2511.37 lakhs and net cash outflows amounting to ₹1.21 Lakhs for the year then ended. The financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on report of the other auditor.

2. We did not audit the financial statements of the subsidiary BEML Brazil Industrial Ltda, whose financial statements reflect total assets of ₹157.35 Lakhs as at 31st March 2013 and total revenue of ₹10.50 lakhs and net cash outflows amounting to ₹27.95 Lakhs for the year then ended. The financial statements have been audited by other auditor under local laws of Brazil whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on report of the other auditor.

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
Firm Registration Number: 002510S

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

Bangalore.
May 29, 2013.

Company replies to observations of Statutory Auditors in their Consolidated Audit Report

Para No.	Auditors' Observations	Company's Reply
1.	Point no. 1 under the section 'Basis for Qualified Opinion' As explained in Note 12, the financial statements of the BEML Midwest Limited, a Joint Venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, have not been determined.	There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated. The impact, if any, on account of non-consolidation is not expected to be material.
2.	Point no. 2 under the section 'Basis for Qualified Opinion': As explained in Note 14(a) the control in MAMC Industries Limited is considered as temporary till it is converted to a joint venture company upon finalization of Joint Venture Agreement. As per the accounting principles, the financial statements should have been consolidated either as a subsidiary or as a joint venture. The effects on the consolidated financial statements, of the failure to consolidate this company have not been determined.	MAMC Industries Ltd., is intended to be a subsidiary company only temporarily, till the finalization of Joint Venture Agreement. There were no significant activities in the Company during the year. MAMC Industries Ltd., has not prepared its Accounts for F.Y 2012-13 and thus could not be Consolidated. Efforts are on to bring the Accounts of the subsidiary company up to date and consolidate during F.Y 2013-14. The impact, if any, on account of non-consolidation is not expected to be material.

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

Name of the Subsidiary Company : Vignyan Industries Limited

The 'Financial Year' of the Subsidiary ended on : 31st March, 2013

Number of shares in the subsidiary held by BEML Limited and its nominees at the above date : 2,69,376 equity shares of the face value of ₹100/- each

The net aggregate of profit / loss of the subsidiary company so far as it concerns the members of BEML

1) Dealt within the accounts of BEML amounted to

a) For the subsidiary's financial year ended 31st March, 2013 : ₹Nil

b) Up to previous financial year of the subsidiary since it became subsidiary of BEML : ₹Nil

2) Not dealt within the accounts of BEML amounted to

a) For the subsidiary's financial year ended 31st March, 2013 : (-) ₹227.82 lakhs

b) Up to previous financial year of the subsidiary since it became subsidiary of BEML : ₹1366.62 lakhs (Profit)

Place : Bangalore	**M E V Selvamm**	**M Pitchiah**	**P Dwarakanath**
Dated :18.06.2013	Company Secretary	Director (Finance)	Chairman & Managing Director

INFORMATION FOR THE INVESTORS AS REQUIRED BY THE MINISTRY OF CORPORATE AFFAIRS

Information related to M/s Vignyan Industries Limited, Subsidiary Company of BEML Limited for the Financial Year ended 31.03.2013:

(a) Capital	278.97	(f) Turnover (Gross)	2747.03
(b) Reserves & Surplus	263.15	(g) Profit Before Taxation	(227.82)
(c) Total Assets (Gross Block)	1657.16	(h) Tax expense	42.70
(d) Total Liabilities	2171.51	(i) Profit After Tax	(270.52)
(e) Details of Investment	NIL	(j) Proposed Dividend (%)	--

Corporate Data*

BOARD OF DIRECTORS:

Functional Directors:

Shri P Dwarakanath
Chairman & Managing Director

Shri M Pitchiah
Director (Finance)

Shri C N Durgesh
Director (Mining & Constructon Business)

Shri P R Naik
Director (Defence Business)

Shri D K Hota
Director (HR)

Part-time Government Directors:

Shri P K Mishra
Joint Secretary (Electronic Systems)
Department of Defence Production
Ministry of Defence

Shri Rajnish Kumar
Addl. Financial Adviser & Joint Secretary
Department of Defence Production
Ministry of Defence

Non-Official (Independent) Directors:

Dr. (Smt.) Rekha Bhargava
Lt. Gen. (Retd.) Noble Thamburaj
Shri Kanwal Nath
Prof. Ramesh Bhat
Prof. S Sadagopan
Shri C Balakrishnan
Shri Suhas Anand Bhat
Shri N P Gupta

COMPANY SECRETARY :

Shri M E V Selvamm

CHIEF VIGILANCE OFFICER :

Smt Kavitha Kestur

EXECUTIVE DIRECTORS :

Shri Krishna Reddy, AR
Shri Umesh Chandra
Shri Ganesh Natarajan
Shri Pradeep Swaminathan

CHIEF GENERAL MANAGERS :

Shri Mulla, MA
Shri Prakash, HS
Shri Haldar, AK
Shri Narasimha Rao, P
Shri Prasad, S
Shri Ravi, S
Shri Vishwanatha, BR
Shri Nagaraj Kumar, PV
Shri Ashokan, D
Shri Panneer Selvam, R
Shri Ramachandra Rao, C
Shri Rajendran, S
Shri Lokhande, SS
Shri Manjunath, BL
Shri Krishna Murthy, KV
Shri Ravi Chander, G
Shri Muralidhara, RH
Shri Kalidhas Majhi
Shri Suresh S Vastrad
Shri Hasainabba, UK
Shri Nageshwara Rao, C
Shri Huddar, SB

GENERAL MANAGERS :

Shri Ravishankar, N
Shri Ashok Kumar
Shri Sastry, NVS
Shri Shivakumar, P
Shri Venkatesan, S
Shri Joe Pulickel
Shri Satheesha, NV
Shri Amit Banerjee
Shri Vinod Kumar Pareek
Shri Sreekumar Varma, TK
Shri Ravi Kumar, KS
Shri Mohanan, KP
Shri Krishna, BS
Shri Piramanayagam, S
Shri Kumaresan, S
Shri Asit Kumar Nanda
Shri Gurunatha Naik, HR
Shri Radhakrishna, KR
Shri Shankar, B
Shri Sharadkumar, K. Kalagi
Shri Narayana Bhat, K
Shri Narayanayya Hasanadka
Shri Srinivasulu Reddy, S
Shri Raja Sekhar, MV
Shri Visweswara Rao, M
Shri Nagaraja Rao, SR
Shri Ranganath, HS
Shri Muthuvalavan, R
Shri Parashar, R R
Shri Nagesh, H N
Shri Kodandaram, N
Shri Mathai, Iype
Shri Umashankar
Shri Satyesha Simha
Shri Ajit Kumar Srivastav
Shri Nagaraj, P
Shri Ramesh, P
Shri Sivasankara Rao, P
Shri Aggarwal, V M

BANKERS :

State Bank of India
Canara Bank
State Bank of Mysore
State Bank of Patiala
Bank of India
Bank of Baroda
Union Bank of India
State Bank of Hyderabad
Indian Bank
Axis Bank
Exim Bank
HDFC Bank
IDBI Bank

LEGAL ADVISORS :

M/s Just Law
Bangalore

M/s Sundaraswamy & Ramdas
Bangalore

TAX CONSULTANTS :

M/s King & Patridge
Bangalore

AUDITORS :

M/s Padmanabhan Ramani & Ramanujam
Chartered Accountants
Chennai

OFFICES :

Registered, Corporate Office,
International Business Division
& Technology Division :

"BEML SOUDHA", 23/1
4th Main, Sampangiramanagar
Bangalore - 560 027

Trading & Marketing Division :

4th & 5th Floor, Unity Buildings
J C Road
Bangalore - 560 002

UNITS :

Bangalore Complex :

P B No.7501
New Thippasandra Post
Bangalore - 560 075

KGF Complex :

BEML Nagar
Kolar Gold Fields - 563 115

Mysore Complex :

Belvadi Post
Mysore - 570 018

Palakkad Complex :

KINFRA Park
Menon Para Road
Kanjikode East
Palakkad - 678 621

Subsidiary Companies :

Vignyan Industries Limited
PB No.4, BH Road,
Tarikere - 577 228

MAMC Industries Limited
35/1-A, Taratala Road
Kolkata - 700 088

Joint Venture Company :

BEML Midwest Limited
Srinivasa Nilayam
8-2-684/3-55, Banjara Green Colony
Road No.12, Banjara Hills
Hyderabad - 500 034

Zonal Offices :

Bilaspur
Hyderabad
Kolkata
Singrauli

Regional Offices :

Bilaspur
Chennai
Dhanbad
Hyderabad
Kolkata
Mumbai
Nagpur
New Delhi
Ranchi
Sambalpur
Singrauli

District Offices :

Ahmedabad
Asansol
Bacheli
Bhilai
Bhopal
Bhubaneswar
Chandrapur
Guwahati
Hospet
Jammu
Kochi
Kothagudem
Madurai
Neyveli
Panjim
Ramagundam
Udaipur
Visakhapatnam

Ongole (Service Activity Centre)
K.D. Hesalong (Project Office)
Meghahatuburu, W.B. (Depot)
Nagpur, Global Service HQ

Overseas Offices :

Brazil
Indonesia

*As on 07.08.2013

BEML Limited
Registered Office :
BEML Soudha, 23/1, 4th Main, S.R. Nagar, Bangalore – 560 027

ADMISSION SLIP

49TH ANNUAL GENERAL MEETING - 13.09.2013 at API BHAVANA, #16/F, MILLERS TANK BED AREA, VASANTHANAGAR, BANGALORE - 560052, AT 10.00 HOURS.

Regd. Folio No……………. No. of shares held ………………

DP ID …………………..….. Client ID …………..……….……

I / We certify that I / we / am are a registered Shareholder / Proxy for the registered Shareholder of the Company. I / We hereby record my / our presence at the meeting.

Member / Proxy's signature

Note : Shareholder / Proxyholder must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.

BEML Limited

PROXY FORM

I / We ……………………………………………………………………………………… of ……………………………………………….. being a Member / Members of BEML Limited hereby appoint ………………………………………………………………………. of ……………………………………………………………………… or failing him / her ……………………………. of ………………………………………………………….................. as my / our proxy to attend and vote for me / us on my / our behalf at the 49th Annual General Meeting of the Company to be held on 13.09.2013 and / or any adjournment thereof.

Signed by the said …………………….

Folio No………………………………..

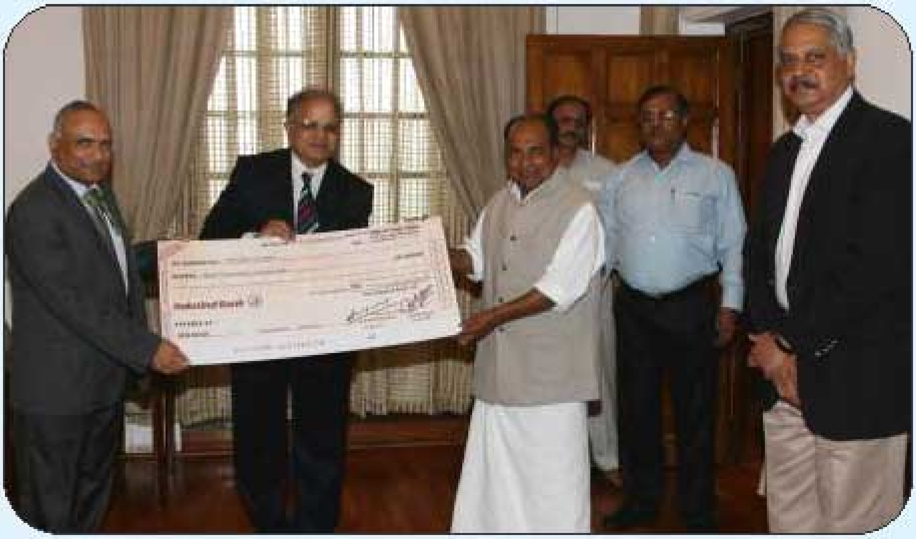
DP ID…………………………………..

Client ID……………………………….

No. of shares held……………………..

Affix
Revenue
Stamp

Note : The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.



Shri A K Antony, Hon'ble Minister of Defence, receiving Dividend Cheque for the year 2011-12 from Shri P. Dwarakanath, CMD.

Shri R K Mathur, IAS, Secretary (Defence) being shown around BEML Bangalore Complex during his visit, by Shri P. Dwarakanath, CMD.

Shri A K Gupta, Addl. Secretary (Defence Production) seen with BEML Management, Executives & Employees during the Launch of BEML's R&D innovative Nation's First Electric Drive Dump Truck at Mysore Complex.

Shri S. Narsing Rao, Chairman, Coal India Limited, seen interacting with Shri C N Durgesh, Director (M&C) at BEML Stall in the 11th International Mining Machinery Exhibition - IMME-2012.

Padmashree Dr. E. Sreedharan, Principal Advisor, DMRC & Member, Kerala State Planning Board is seen with CMD during his visit to BEML Bangalore Complex.

Visit of Parliamentary Committee on Industry with BEML Management during their visit to Bangalore.

FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the Standalone annual audit report to be filed with the stock exchanges

1.	Name of the Company	**M/s BEML Limited**
2.	Annual financial statements for the year ended	31^{st} March 2013
3.	Type of Audit observation	(see below)

Emphasis of Matter in the Statutory Auditors Report	**Reference of the Notes in the Accounts**
Point no. 1 under the section Emphasis of Matter: Note no. 18(i) in respect of trade receivables from Railway Board for ₹ 499.60 Lakhs (Previous year – ₹ 1480.60 Lakhs) and Note no.18 (iii) in respect of Trade receivables from Ministry of Defence for ₹ 925.87 Lakhs (Previous year - ₹ 925.87 lakhs). The realization of these receivables depends on the final outcome of the settlement of the claims.	Facts have been elaborated in the Accounts under Note no. 18(i), (iii) (page no. 77).
Point no. 2 under the section Emphasis of Matter: Note no. 22(ii) in respect of accounting of revenue including excise duty, for ₹ 12823.28 Lakhs (Previous Year - ₹ 7252.55 Lakhs) in respect of FOR destination contracts in accordance with Accounting Standard 9 - Revenue Recognition, on the basis of custodian certificates, accepting billing and title to the goods, having an effect of decreasing the loss by ₹ 791.47 Lakhs (Previous year - Nil).	Facts have been elaborated in the Accounts under Note no. 22(ii) (page no. 79).
Point no. 3 under the section Emphasis of Matter: Note no. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables and receivables, other loans and advances and deposits.	Facts have been elaborated in the Accounts under Note no. 31(G) (page no. 92).

CS DEPARTMENT ★ BEML LIMITED

4.	Frequency of observation	Point no. 1 – Repeated since year 2010-11 Point no. 2 - Appearing for the first time Point no. 3 - Repeated since year 2008-09
5.	To be signed by	• CMD - Shri P. Dwarakanath • Director (Finance) - Shri M. Pitchiah • Auditor of the company - Shri G Vivekananthan, Partner, Padmanabhan Ramani & Ramanujam • Audit Committee Chairman – Shri Kanwal Nath

PADMANABHAN RAMANI & RAMANUJAM
CHENNAI
Chartered Accountants

C S DEPARTMENT
BEML LIMITED

FORM B

(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the Standalone annual Govt. audit report to be filed with the stock exchanges

1.	Name of the Company	**M/s BEML Limited**
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Qualified
4.	Frequency of observation	Appearing for the first time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	

C & AG's comment on Profitability	**Management's response**
Balance Sheet **Short term loans and advances Note no.20** **Other loans and advances (doubtful) – Provision for doubtful advances- ₹70.16 crore.**	
This does not include ₹8.18 crore, being increased rates of taxes and levies claimed by Company for deliveries effected during the extended delivery period and disallowed by the customer based on denial clause stipulated while extending the delivery period. This has resulted in understatement of provision for doubtful advances by ₹8.18 crore as well as Loss by the same amount.	Taking into account the overall reading of the contract and amendments including the extension of the delivery period, it is clear that the increase / change in taxes and levies came into effect before the extended delivery schedule. Hence the denial clause is not applicable in this case. Moreover, there were delays in the deliveries of materials to be supplied by the customer for the manufacture, resulting in delays in the actual deliveries of the end product. The claim was disallowed by the designated paying authority of the customer and not the customer. Company has taken up the matter with the customer and based on the decision of the customer, treatment in the accounts will be decided. Thus the disallowance is purely an issue relating to difference in interpretation. Further these claims pertain to FY: 2011-12 and 2012-13

C S DEPARTMENT * BEML LIMITED *

		and hence provision for the same is not considered necessary at this point of time. Refer Page no. 102 of Annual Report.
6	Additional comments from the board / audit committee chair:	Nil
7.	To be signed by	• CMD - Shri P. Dwarakanath • Director (Finance) - Shri M. Pitchiah • Audit Committee Chairman – Shri Kanwal Nath
	Statutory Auditor's comments:	After considering the various issues including timing of the order and the fresh / increase in statutory levies we are of the opinion that the company is eligible for the levies and are not in agreement with the CAG on for the additional provision on the amount deducted by the paying authority of the Railways especially on the timing and quantum of the provision. In the worst case scenario, the account balances, that have a bearing on the materiality, which could be reasonably expected to influence the economic decisions of the users would be the 'loss before tax' and the 'Other loans and advances' stated in Note No. 20. The above amount if treated as an uncorrected misstatement as per SA 320 'Materiality in planning and performing an Audit', its effect on the financial statements are as below:

CS DEPARTMENT * BEML LIMITED

Head under the financial statement	Amount as per the audited financial statements	Effect of the uncorrected error	Revised likely balance.	% as compared to audited figures.
Loss before tax	12233.54	818.00	13051.51	6.68
Other loans and advances (Note 20)	19385.15	818.00	18567.15	4.22

Assuming but not acceding to the fact that the entire non provision amount quantified by CAG as an unadjusted error, it was below the planned materiality level, and hence no further adjustment was considered necessary, when this issue was raised by CAG.

For Padmanabhan Ramani & Ramanujam

PADMANABHAN RAMANI & RAMANUJAM CHENNAI Chartered Accountants

G Vivekananthan
Partner
M.No : 028339

C S DEPARTMENT BEML LIMITED

FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the Consolidated annual audit report to be filed with the stock exchanges

<table>
<tr><td>1.</td><td>Name of the Company</td><td>M/s BEML Limited</td></tr>
<tr><td>2.</td><td>Annual financial statements for the year ended</td><td>31^{st} March 2013</td></tr>
<tr><td>3.</td><td>Type of Audit observation</td><td>
<table>
<tr><th>Emphasis of Matter in the Consolidated Statutory Auditors Report</th><th>Reference of the Notes in the Accounts</th></tr>
<tr><td>Point no. 1 under the section Emphasis of Matter:

Note no. 18(i) in respect of trade receivables from Railway Board for ₹ 499.60 Lakhs (Previous year – ₹ 1480.60 Lakhs) and Note no.18 (iii) in respect of Trade receivables from Ministry of Defence for ₹ 925.87 Lakhs (Previous year - ₹ 925.87 lakhs). The realization of these receivables depends on the final outcome of the settlement of the claims.</td><td>Facts have been elaborated in the Accounts under Note no. 18(i), (iii) (page no. 125).</td></tr>
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Note no. 22(ii) in respect of accounting of revenue including excise duty, for ₹ 12823.28 Lakhs (Previous Year - ₹ 7252.55 Lakhs) in respect of FOR destination contracts in accordance with Accounting Standard 9 - Revenue Recognition, on the basis of custodian certificates, accepting billing and title to the goods, having an effect of decreasing the loss by ₹ 791.47 Lakhs (Previous year - Nil).</td><td>Facts have been elaborated in the Accounts under Note no. 22(ii) (page no. 127).</td></tr>
<tr><td>Point no. 3 under the section Emphasis of Matter:

Note no. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables and receivables, other loans and advances and deposits.</td><td>Facts have been elaborated in the Accounts under Note no. 31(G) (page no. 141).</td></tr>
</table>
</td></tr>
</table>

C S DEPARTMENT * BEML LIMITED

4.	Frequency of observation	Point no. 1 – Repeated since year 2010-11 Point no. 2 - Appearing for the first time Point no. 3 - Repeated since year 2008-09
5.	To be signed by	• CMD - Shri P. Dwarakanath • Director (Finance) - Shri M. Pitchiah PADMANABHAN RAMANI & RAMANUJAM CHENNAI Chartered Accountants • Auditor of the company - Shri G Vivekananthan, Partner, Padmanabhan Ramani & Ramanujam • Audit Committee Chairman – Shri Kanwal Nath

C S DEPARTMENT * BEML LIMITED *

FORM B

(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the Consolidated annual audit report to be filed with the stock exchanges

<table>
<tr><td>1.</td><td>Name of the Company</td><td>M/s BEML Limited</td></tr>
<tr><td>2.</td><td>Annual financial statements for the year ended</td><td>31st March 2013</td></tr>
<tr><td>3.</td><td>Type of Audit observation</td><td>Qualified</td></tr>
<tr><td>4.</td><td>Frequency of observation</td><td>Point no. 1 – Repeated since year 2009-10
Point no. 2 - Repeated since year 2011-12</td></tr>
<tr><td>5.</td><td>Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:</td><td>
<table>
<tr><th>Basis for Qualified Opinion in the Consolidated Statutory Auditors Report</th><th>Management's response</th></tr>
<tr><td>Point no. 1 under the section Basis for Qualified Opinion:

As explained in Note 12, the financial statements of the BEML Midwest Limited, a Joint Venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, have not been determined.</td><td>

There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above the JV company has not prepared its accounts and thus the same could not be consolidated. The impact, if any, on account of non-consolidation is not expected to be material.</td></tr>
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As explained in Note 14(a) the control in MAMC Industries Limited is considered as temporary till it is converted to a joint venture company upon finalization of Joint Venture Agreement. As per the accounting principles, the financial statements should have been consolidated either as a subsidiary or as a joint venture. The effects on the consolidated financial statements, of the failure to consolidate this company have not been determined.</td><td>

MAMC Industries Ltd., is intended to be a subsidiary company only temporarily, till the finalization of Joint Venture Agreement. There were no significant activities in the Company during the year. MAMC Industries Ltd., has not prepared its Accounts for F.Y 2012-13 and thus could not be Consolidated. Efforts are on to bring the Accounts of the subsidiary company up to date and consolidate during</td></tr>
</table>
</td></tr>
</table>

C.S. DEPARTMENT * BEML LIMITED *

				F.Y 2013-14. The impact, if any, on account of non-consolidation is not expected to be material. | Point no. 1 - Facts have been elaborated in the Accounts under Note no. 12 (page no. 122) and management responses at page 145. Point no. 2 - Facts have been elaborated in the Accounts under Note no. 14a (page no. 122 & 123) and management responses at page 145.
6	Additional comments from the board / audit committee chair:	Nil
7.	To be signed by	• CMD - Shri P. Dwarakanath • Director (Finance) - Shri M. Pitchiah • Auditor of the company - Shri G Vivekananthan, Partner, Padmanabhan Ramani & Ramanujam • Audit Committee Chairman - Shri Kanwal Nath
6	Additional comments from the board / audit committee chair:	Regarding Point no. 1, the Consolidation of Accounts can be done only after the JV prepares its accounts after the legal issues are settled. However, the full amount of investment in the JV (₹ 5.42 crores) is already provided for the book of BEML Ltd. Regarding Point no. 2, the subsidiary company M/s. MAMC Industries Limited has prepared its accounts as on 31.03.13 and got the same audited by Statutory and Govt. Audit during August 2013. Accounts of MAMC Industries Limited will be consolidated from F.Y 2013-14.

Padmanabhan Ramani & Ramanujam
Chennai
Chartered Accountants

C S Department
BEML Limited