

BEML LIMITED

(CIN: L35202KA1964GO1001530)

BENGALURU

ANNUAL REPORT

2015-16

ANNUAL GENERAL MEETING TO BE HELD ON

15.09.2016

11.30 HOURS

**API BHAVANA
16/F, MILLERS TANK BED AREA
VASANTHANAGAR
BENGALURU – 560052**

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BOARD OF DIRECTORS*



D K Hota
Chairman & Managing Director



Smt. Surina Rajan
Government Nominee Director
Additional Secretary (Defence Production)
Ministry of Defence



Shri Sanjay Prasad
Government Nominee Director
Joint Secretary (Land System)
Dept. of Defence Production, Ministry of Defence



Shri Sudhir Kumar Beri
Independent Director



Shri M G Raghuvver
Independent Director



Shri B.P. Rao
Independent Director



Shri Aniruddh Kumar
Director
(Rail & Metro Business)



Shri B R Viswanatha
Director (Mining &
Construction Business)



Shri R H Muralidhara
Director
(Defence Business)

Chairman's Letter.....

It is a proud moment for me to inform you that your Company has crossed yet another milestone and achieved an all time high Net Sales of ₹2983.72 Cr during 2015-16, sustaining the tough business environment and conditions that prevailed in the capital goods sector. The Annual Report brings you the audited accounts and other related documents for the year 2015-16 for your consideration and adoption at the ensuing Annual General Meeting.

Performance Overview

The assessment of the Company's performance for the financial year ended 31.03.2016 has been completed.

In Mining & Construction sector despite a de-growth in capital goods industry and slow down in global market, the Company was able to maintain its market share and achieved gross sales of ₹1807.58 Cr which is higher compared to previous year gross sales of ₹1803.02 Cr. The Rail & Metro vertical achieved gross sales of ₹1250.35 Cr, with a growth of 7.55% over previous year gross sales of ₹1162.60 Cr. The Defence business is back on track and achieved gross sales of ₹368.09 Cr., which is more than double compared to previous year gross sales of ₹164.04 Cr. Your Company generated 88% of its sales achieved from orders obtained through competition mode.

With the above performance, your Company made a Profit before Tax of ₹64.27 Cr during 2015-16. The Company has closed the year with a healthy order book position of ₹6430 Cr.

R&D is a continuous effort being pursued in your Company. The design, development and up-gradation efforts through in-house R&D resulted in the following four new products besides up-gradation of several products. In-house developed R&D products contributed to 54% of sales turnover in the year 2015-16.

Mining & Construction:

- Compact Loader-cum-Excavator BL120H for Construction Sector.
- 117HP Dozer BD50 with Hydrostatic Transmission.

Defence:

- SMERCH 8x8 & 10x10 High Mobility Vehicle with additional Steerable Rear Wheel.

Rail & Metro:

- Catenary Maintenance Vehicle for Navi Mumbai Metro Corporation.

It is a matter of pride that our R&D product 180T Electrical Excavator - BE1800E is running successfully at the customer's place. With the thrust for 'Make in India', this indigenously developed pollution-free Excavator will help to increase productivity in mining operations, both in domestic and global markets.

Towards self-reliance, your Company has achieved over 90% indigenisation in the mainline M&C products, Rail Coaches and EMU's. All out efforts are underway to reach higher level of indigenisation in Heavy Duty High Mobility Vehicles and Metro Cars.

On HR front, your Company has undertaken the 'Skill Development' initiatives in line with Government of India's 'Skill India' initiative. Continuous technical trainings are being organised to train Employees through in-house Centre for Excellence Schools and at reputed technical training Institutes. To hone-up skills, in-house training is also imparted to ITI / NAC, Diploma / Engineering Graduate apprentices. Further, various organizational development initiatives such as Employee Satisfaction Survey, Development of Competency Assessment Framework & Leadership Pipeline, formalization of value statement of the Company, 'BEML FIRST' have been carried out to effect the cultural enhancement aligned with our organizational growth.

On CSR & SD front, your Company has taken forward various initiatives viz., Swachh Bharat campaign, Rain Water Harvesting, Installation of Wind Mills, Planting of trees across campuses notwithstanding undertaking other CSR ongoing projects being sensitive and responsible to the Society.

Towards Green Energy, the Company has so far commissioned wind energy of 14 MW. Further the Company is in the process of commissioning additional 9 MW to become self sufficient and a Green Company.

During the year 2015-16, your Company was recognized with the following major awards;

- "Raksha Mantri's Award for Excellence" under the Institutional Award category for Best Performance in Exports during 2012-13.
- Won the "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management – Special Institutional Category (Turnaround)" for the year 2013-14.

Plan for the year 2016-17

As per the ICRA report, demand growth during CY2016 is expected to firm up, driven by increased road construction activity, execution of Railway projects (awarded in the current fiscal) and work on the Dedicated Freight Corridors. Further, the Union Budget of 2016-17 provides additional insights into the budgetary allocations for future infrastructure activity. Demand in CY2017 will improve as work in other segments, such as Ports, Airports, etc., join the infrastructure development fray. This is a positive signal for business in the M&C segment. With continued focus on quality, customer demands, after-sales-service combined with concerted efforts, we are confident of capturing maximum out of available business in the domestic and increased sales in export market.

With respect to Defence vertical, the business is back on track and we are putting our best foot forward to maximize sales and contribute significantly to Company's turnover. Plans are in place to execute available orders on hand and also improve the performance of Defence Business segment by generating business for supply of Mine Clearing Systems, Recovery Vehicle, aggregates for Missiles Systems and Fighting Vehicles.

In the Rail & Metro Business, Medium / High Speed Coaches, Light Rail Metro Cars, Maintenance Equipment are emerging as business opportunities. We will pursue orders for the same and continue to progress and be a major player in the Rail Transportation Segment of the Country.

In this projected positive scenario and keeping in view of the present Order Book, we have set ourselves a Net Sales target of ₹3300 Cr., for the year 2016-17.

On HR front, we have tied up with highly reputed institutes for Capability Building of our Engineers to address the requirements of all the three business verticals. Further, pro-active initiatives like outbound training for the Executives are being taken up to develop various skills of leadership, team building, inter-department cohesiveness etc., among the Executives.

In order to focus on 'National Skill Development Programme', building the requisite skills, which are of critical importance to the Company's operations, various technical trainings for specific Skill-sets through 'Centres of Excellence' at each Division / Complex are undertaken.

Various competency and leadership development initiatives are taken up to drive the 'Development of Leadership Pipeline' initiated last year.

As a part of 'Swachh Bharath' Campaign, we have taken various initiatives and plans are in place to make it successful.

As a Corporate Citizen, your Company has complied with all rules and regulations dealing in a transparent, fair and corruption free operational environment and a detailed report on compliance of the guidelines on Corporate Governance under the SEBI Listing Regulations and the guidelines issued by the Department of Public Enterprises for CPSEs form part of the Board's Report.

Thus, BEML has put in place appropriate strategies and actions to counter all business challenges and scale new benchmarks.

I am confident that with continuous dedicated efforts, commitment and hard work, and a conducive business environment around BEML, shall move to achieve greater heights in 2016-17 and I assure you, that your Company is committed for enhanced value creation to its Stakeholders and Society at-large by taking up activities and initiatives for sustainable growth with environmental concern.

To conclude, on behalf of Board of Directors of the Company, I would like to express my gratitude to our shareholders, valuable Customers and all other stakeholders for their trust and support and my deep appreciation to all Employees and Executives for their untiring efforts and contribution.

I wish to take this opportunity to thank all my fellow Directors on the Board for their invaluable guidance and support rendered for running the operations of your Company.

I also gratefully acknowledge the support and encouragement extended by our Administrative Ministry, Ministry of Defence and in particular Department of Defence Production, in steering the Company and other Administrative Departments of Government of India and co-operation from partners in progress.

With warm regards,

Sd/-

(D. K. Hota)

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 & Aerospace and to emerge as a prominent international player.

B) Mission

- Improve competitiveness through collaboration, strategic alliances and joint ventures, to sustain and enhance market share in product groups BEML operates.
- Grow profitably by aggressively pursuing business and market opportunities in domestic and international markets by pursuing atleast 10% of sales in exports.
- Adoption of state-of-the-art technologies and bring in new products through Transfer of Technology and in-house R&D.
- Continue to diversify and grow addressing new products and markets with turnover from in-house R&D developed products at 60%.
- Attract and retain people in a rewarding and inspiring environment by fostering creativity and innovation with attrition levels less than 5%.
- Offer technology and cost effective total solutions for enhanced customer satisfaction.

C) Objectives

- (i) To achieve around 10% growth in 2016-17.
- (ii) To work to achieve Gross Operating Margin of 8-10% of net sales.
- (iii) To provide engineering solutions to customers for enhanced customer satisfaction.
- (iv) To achieve minimum 10% of exports sales.
- (v) To up-grade all Company products to state-of-the-art technology to meet market needs and benchmark standards through continuous in-house R&D.
- (vi) Continuous development of skills and competencies to bring about Employee / Executive effectiveness.
- (vii) Effective project implementation for modernization / de-bottlenecking projects.
- (viii) Contribute effectively for Corporate Social Responsibility and Sustainable Development.



FINANCIAL HIGHLIGHTS

| Sl. No. | PARTICULARS | UNITS | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|----------|--|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| A | Our earnings | | | | | | | | | |
| | Gross Revenue | ₹Lakhs | 315079 | 264532 | 318115 | 309164 | 350432 | 342957 | 343268 | 270913 |
| | Export | ₹Lakhs | 27523 | 48433 | 8105 | 19813 | 14405 | 21750 | 15625 | 30434 |
| | Total Gross Revenue | ₹Lakhs | 342602 | 312965 | 326220 | 328977 | 364837 | 364707 | 358893 | 301347 |
| | Less: Value of Consortium supplies | ₹Lakhs | 13858 | 13048 | 14203 | 29090 | 72779 | 82091 | 58302 | 8257 |
| | Revenue net of Consortium Supplies | ₹Lakhs | 328744 | 299917 | 312017 | 299887 | 292058 | 282616 | 300591 | 293090 |
| | Less: Excise Duty | ₹Lakhs | 30372 | 18998 | 20866 | 18996 | 19409 | 17392 | 13641 | 13373 |
| | Revenue from operations | ₹Lakhs | 298372 | 280919 | 291151 | 280891 | 272649 | 265224 | 286950 | 279717 |
| | Change in WIP/SIT | ₹Lakhs | (24371) | (20926) | (9706) | 6992 | 42882 | 14800 | 15099 | 28072 |
| | Value of Production (with Revenue from Operations) | ₹Lakhs | 274001 | 259993 | 281445 | 287883 | 315531 | 280024 | 302049 | 307789 |
| | Value of Production (with Gross Revenue) | ₹Lakhs | 318231 | 292039 | 316514 | 335969 | 407719 | 379507 | 373992 | 329419 |
| B | Our outgoings | | | | | | | | | |
| | Cost of materials | ₹Lakhs | 147724 | 137368 | 161734 | 172427 | 184633 | 165880 | 180084 | 185089 |
| | Emp. Rem. & Benefits | ₹Lakhs | 76789 | 76911 | 71676 | 73940 | 72508 | 68315 | 55514 | 56919 |
| | Depreciation | ₹Lakhs | 5321 | 5214 | 5356 | 5025 | 4392 | 3364 | 3222 | 2731 |
| | Other Expenses(net) | ₹Lakhs | 36739 | 38722 | 38654 | 45996 | 45901 | 37938 | 36996 | 31296 |
| | Interest | ₹Lakhs | 4903 | 7051 | 11046 | 14099 | 8843 | 6127 | 4893 | 3925 |
| C | Our savings | | | | | | | | | |
| | PBDIT | ₹Lakhs | 16651 | 12956 | 17310 | 6891 | 19881 | 28166 | 40070 | 45403 |
| | PBIT | ₹Lakhs | 11330 | 7742 | 11954 | 1866 | 15489 | 24802 | 36848 | 42672 |
| | PBT | ₹Lakhs | 6427 | 691 | 908 | (12233) | 6646 | 18675 | 31955 | 38747 |
| | PAT | ₹Lakhs | 5265 | 676 | 468 | (7987) | 5725 | 14976 | 22285 | 26884 |
| D | Own capital | | | | | | | | | |
| | Equity | ₹Lakhs | 4177 | 4177 | 4177 | 4177 | 4177 | 4177 | 4177 | 4177 |
| | Reserves and surplus | ₹Lakhs | 206759 | 203498 | 203807 | 203826 | 213031 | 209727 | 199607 | 187360 |
| E | Loan capital | | | | | | | | | |
| | Loans from Banks | ₹Lakhs | 18420 | 24846 | 54110 | 85181 | 83335 | 67419 | 75305 | 47091 |
| | Other loans | ₹Lakhs | 37515 | 39498 | 41481 | 40959 | 12525 | 14091 | 15550 | 9673 |
| F | Financial Statistics | | | | | | | | | |
| | Net worth | ₹Lakhs | 210936 | 207676 | 207984 | 208003 | 217208 | 213904 | 203639 | 190708 |
| | Gross Block | ₹Lakhs | 134904 | 122627 | 120062 | 118377 | 112845 | 94543 | 79871 | 74951 |
| | Depreciation | ₹Lakhs | 80882 | 75756 | 70193 | 65303 | 59923 | 55590 | 52484 | 49402 |
| | Net Block | ₹Lakhs | 54022 | 46871 | 49869 | 53074 | 52922 | 38953 | 27387 | 25549 |
| | Inventories | ₹Lakhs | 169632 | 192120 | 215210 | 245620 | 242241 | 188891 | 165300 | 162058 |
| | Trade Receivables | ₹Lakhs | 124131 | 124207 | 115671 | 122452 | 100598 | 128840 | 136074 | 154527 |
| | Working capital | ₹Lakhs | 201395 | 196967 | 198422 | 206756 | 205462 | 162399 | 259646 | 218771 |
| | Capital Employed | ₹Lakhs | 255417 | 243838 | 248291 | 259830 | 258384 | 201352 | 287033 | 244320 |
| | Value added | ₹Lakhs | 126277 | 122625 | 119711 | 115456 | 130898 | 114144 | 121965 | 122700 |
| | Dividend-Excl. Tax | ₹Lakhs | 1666 | 416 | 416 | 1041 | 2082 | 4164 | 4164 | 4997 |
| | R&D Expenditure | ₹Lakhs | 6663 | 8292 | 8623 | 9436 | 9779 | 9433 | 9720 | 3198 |
| | No. of Employees | Nos | 8827 | 9599 | 10328 | 11005 | 11644 | 11798 | 12052 | 12600 |
| G | Financial Ratios | | | | | | | | | |
| | Revenue from operations per Employee | ₹Lakhs | 33.80 | 29.27 | 28.19 | 25.52 | 23.42 | 22.48 | 23.81 | 22.20 |
| | Value Added per Employee | ₹Lakhs | 14.31 | 12.77 | 11.59 | 10.49 | 11.24 | 9.67 | 10.12 | 9.74 |
| | PBT to Revenue from operations | % | 2.15 | 0.25 | 0.31 | (4.36) | 2.44 | 7.04 | 11.14 | 13.85 |
| | PBIT to Capital employed | % | 4.44 | 3.18 | 4.81 | 0.72 | 5.99 | 12.32 | 12.84 | 17.47 |
| | PAT to Net worth | % | 2.50 | 0.33 | 0.23 | (3.84) | 2.64 | 7.00 | 10.94 | 14.10 |
| | Debt Equity ratio | Times | 0.27 | 0.31 | 0.46 | 0.61 | 0.44 | 0.38 | 0.45 | 0.30 |
| | EPS | ₹ | 12.64 | 1.62 | 1.12 | (19.18) | 13.75 | 35.96 | 53.51 | 64.56 |
| | Dividend | % | 40.00 | 10.00 | 10.00 | 25.00 | 50.00 | 100.00 | 100.00 | 120.00 |
| | Revenue from operations to Capital employed | % | 116.82 | 115.21 | 117.26 | 108.11 | 105.52 | 131.72 | 99.97 | 114.49 |

Notes:

- i) For ratios pertaining to Turnover, Revenue from operations has been considered.
- ii) Trade Receivables includes Unbilled Revenue amounting to ₹3326 Lakhs shown under Other current assets in the accounts (Previous Year - ₹25038 Lakhs)

FINANCIAL HIGHLIGHTS

| Sl. No. | PARTICULARS | UNITS | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 |
|----------|--|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| A | Our earnings | | | | | | | | | |
| | Gross Revenue | ₹Lakhs | 251273 | 249106 | 214435 | 179745 | 171316 | 165972 | 130872 | 119760 |
| | Export | ₹Lakhs | 20062 | 11073 | 6149 | 5856 | 5259 | 2145 | 11543 | 14980 |
| | Total Gross Revenue | ₹Lakhs | 271334 | 260179 | 220584 | 185601 | 176575 | 168117 | 142415 | 134740 |
| | Less: Value of Consortium supplies | ₹Lakhs | - | - | - | - | - | - | - | - |
| | Revenue net of Consortium Supplies | ₹Lakhs | 271334 | 260179 | 220584 | 185601 | 176575 | 168117 | 142415 | 134740 |
| | Less: Excise Duty | ₹Lakhs | 17374 | 17792 | 14630 | 12322 | 9354 | 11005 | 9170 | 9608 |
| | Revenue from operations | ₹Lakhs | 253960 | 242387 | 205954 | 173279 | 167221 | 157112 | 133245 | 125132 |
| | Change in WIP/SIT | ₹Lakhs | 11360 | (1104) | (2627) | 2994 | (7388) | 5899 | 1195 | (423) |
| | Value of Production (with Revenue from Operations) | ₹Lakhs | 265321 | 241283 | 203327 | 176273 | 159833 | 163011 | 134440 | 124709 |
| | Value of Production (with Gross Revenue) | ₹Lakhs | 282695 | 259075 | 217957 | 188595 | 169187 | 174016 | 143610 | 134317 |
| B | Our outgoings | | | | | | | | | |
| | Cost of materials | ₹Lakhs | 160957 | 148403 | 127624 | 103505 | 105319 | 111449 | 90318 | 79540 |
| | Emp. Rem. & Benefits | ₹Lakhs | 44672 | 36379 | 33357 | 35616 | 34678 | 33407 | 32562 | 36662 |
| | Depreciation | ₹Lakhs | 1770 | 1352 | 1412 | 2299 | 1829 | 1930 | 2214 | 2340 |
| | Other Expenses(net) | ₹Lakhs | 31114 | 28510 | 35136 | 27052 | 29191 | 31231 | 19171 | 15946 |
| | Interest | ₹Lakhs | 2309 | 561 | 461 | 179 | 148 | 300 | 2226 | 3120 |
| C | Our savings | | | | | | | | | |
| | PBDIT | ₹Lakhs | 38880 | 33517 | 30415 | 29758 | 6995 | 6017 | 5741 | 6525 |
| | PBIT | ₹Lakhs | 37110 | 32165 | 29003 | 27459 | 5166 | 4087 | 3527 | 4185 |
| | PBT | ₹Lakhs | 34801 | 31604 | 28542 | 27280 | 5018 | 3787 | 1301 | 1065 |
| | PAT | ₹Lakhs | 22565 | 20493 | 18693 | 17528 | 2417 | 2610 | 535 | 600 |
| D | Own capital | | | | | | | | | |
| | Equity | ₹Lakhs | 4177 | 3687 | 3687 | 3687 | 3687 | 3687 | 3687 | 3687 |
| | Reserves and surplus | ₹Lakhs | 166393 | 99661 | 84284 | 69781 | 56437 | 54827 | 55978 | 55689 |
| E | Loan capital | | | | | | | | | |
| | Loans from Banks | ₹Lakhs | 30327 | 2557 | 2488 | 7491 | 3148 | 3130 | 27255 | 23471 |
| | Other loans | ₹Lakhs | - | - | - | - | 180 | 220 | 2778 | 6288 |
| F | Financial Statistics | | | | | | | | | |
| | Net worth | ₹Lakhs | 169176 | 101459 | 85390 | 69439 | 56888 | 53219 | 55559 | 55700 |
| | Gross Block | ₹Lakhs | 68028 | 59643 | 56512 | 54395 | 54334 | 53425 | 52851 | 52695 |
| | Depreciation | ₹Lakhs | 46970 | 45257 | 43992 | 42738 | 40949 | 39213 | 37648 | 35805 |
| | Net Block | ₹Lakhs | 21058 | 14386 | 12520 | 11657 | 13385 | 14212 | 15203 | 16890 |
| | Inventories | ₹Lakhs | 92958 | 72928 | 64908 | 62080 | 57327 | 74850 | 63886 | 63868 |
| | Trade Receivables | ₹Lakhs | 149606 | 90426 | 77021 | 60820 | 44356 | 49418 | 56730 | 52067 |
| | Working capital | ₹Lakhs | 174884 | 86676 | 73460 | 64658 | 47933 | 43454 | 69190 | 67512 |
| | Capital Employed | ₹Lakhs | 195942 | 101062 | 85980 | 76315 | 61318 | 57666 | 84393 | 84402 |
| | Value added | ₹Lakhs | 104364 | 92880 | 75703 | 72768 | 54514 | 51562 | 44122 | 45169 |
| | Dividend-Excl. Tax | ₹Lakhs | 4997 | 4409 | 3674 | 3674 | 735 | 735 | 441 | 368 |
| | R&D Expenditure | ₹Lakhs | 1926 | 1805 | 1914 | 1687 | 1498 | 1754 | 1823 | 1550 |
| | No. of Employees | Nos | 12286 | 11748 | 11975 | 12189 | 12922 | 13116 | 13838 | 14357 |
| G | Financial Ratios | | | | | | | | | |
| | Revenue from operations per Employee | ₹Lakhs | 20.67 | 20.63 | 17.20 | 14.22 | 12.94 | 11.98 | 9.63 | 8.72 |
| | Value Added per Employee | ₹Lakhs | 8.49 | 7.91 | 6.32 | 5.97 | 4.22 | 3.93 | 3.19 | 3.15 |
| | PBT to Revenue from operations | % | 13.70 | 13.04 | 13.86 | 15.74 | 3.00 | 2.41 | 0.98 | 0.85 |
| | PBIT to Capital employed | % | 18.94 | 31.83 | 33.73 | 35.98 | 8.42 | 7.09 | 4.18 | 4.96 |
| | PAT to Net worth | % | 13.34 | 20.20 | 21.89 | 25.24 | 4.25 | 4.90 | 0.96 | 1.08 |
| | Debt Equity ratio | Times | 0.18 | 0.03 | 0.03 | 0.11 | 0.06 | 0.06 | 0.54 | 0.53 |
| | EPS | ₹ | 56.19 | 55.77 | 50.87 | 47.70 | 6.58 | 7.10 | 1.46 | 1.63 |
| | Dividend | % | 120.00 | 120.00 | 100.00 | 100.00 | 20.00 | 20.00 | 12.00 | 10.00 |
| | Revenue from operations to Capital employed | % | 129.61 | 239.84 | 239.54 | 227.06 | 272.71 | 272.45 | 157.89 | 148.26 |



NOTICE

NOTICE is hereby given that the 52nd Annual General Meeting of BEML Limited will be held on **Thursday, the 15th September, 2016 at 11.30 hours at API Bhavana, No.16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052**, to transact the following business:

I. ORDINARY BUSINESS

1. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that the Audited Standalone Financial Statement of the Company for the year ended 31.03.2016 and the Reports of the Board of Directors and Auditors thereon, and also the Audited Consolidated Financial Statement of the Company as on that date and Report of Auditors thereon, be and are hereby received, considered and approved.”

2. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that a Dividend of ₹4 per share i.e., 40% on the paid-up value of the equity shares of the Company, absorbing ₹16.66 Crs for the year 2015-16, as recommended by the Board of Directors, be and is hereby considered and declared out of the profits for the year 2015-16 and the same be paid to those shareholders whose names appear on the Register of Members of the Company as on the date of Book Closure and beneficial owners under demat form as per the list furnished by the Depositories based on the said date of book closure.”

3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that Shri Aniruddh Kumar (DIN 06861374), who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as Director (Rail & Metro Business) of the

Company.”

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 142 of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to fix the remuneration and other terms and conditions of the Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the year 2016-17.”

II. SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that the appointment of Shri Sanjay Prasad (DIN 01577730), as Government Nominee Director of the Company with effect from 01.10.2015 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that the appointment of Shri M G Raghuvver (DIN 02703301), as Independent Director of the Company with effect from 02.12.2015 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”

7. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that the appointment of Shri B P Rao (DIN 00467226), as Independent Director of the Company with effect from 02.12.2015 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”

8. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
- “RESOLVED that the appointment of Shri Sudhir Kumar Beri (*DIN 07367157*), as Independent Director of the Company with effect from 11.12.2015 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”
9. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
- “RESOLVED that the appointment of Shri B R Viswanatha (*DIN 07363486*), as Director (Mining & Construction Business) of the Company with effect from 01.02.2016 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”
10. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
- “RESOLVED that the appointment of Shri R H Muralidhara (*DIN 07363484*), as Director (Defence Business) of the Company with effect from 01.03.2016 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”
11. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
- “RESOLVED that the appointment of Smt. Surina Rajan (*DIN 06699602*), as Government Nominee Director of the Company with effect from 02.06.2016 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”
12. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
- “RESOLVED that the appointment of Shri D K Hota (*DIN 06600812*), as the Chairman & Managing Director of the Company with effect from 01.07.2016 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”
13. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
- “RESOLVED that pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the annual remuneration of ₹2,25,956/- inclusive of conveyance and service taxes, payable to M/s Murthy & Co., LLP, Cost Auditors, as duly appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial years 2015-16 and 2016-17, be and is hereby ratified.”

By order of the Board
For BEML Limited

Sd/-

M E V Selvam
Company Secretary

Bengaluru
02.08.2016



Notes :

1. *A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company.*
2. *A proxy shall not act on behalf of more than 50 members or represent the members holding more than 10% of the total voting rights.*
3. *A proxy shall not have the right to speak at the AGM.*
4. *The prescribed proxy form is enclosed. The proxy form, to be valid, should be deposited at the Registered Office of the Company 48 hours before commencement of the AGM i.e. 11.30 Hours on 13.09.2016.*
5. *Member / Proxy holder must bring the Attendance Slip to the AGM and hand it over at the registration counter as duly signed and executed.*
6. *Queries on accounts and operations of the Company, if any, may please be sent to the Company at least ten days in advance of the AGM so that the replies may be made available at the AGM.*
7. *Members are requested to bring this Annual Report to the AGM.*
8. *Members may visit the website of the Company www.bemlindia.com for more information on the Company.*
9. *Members 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**
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad-500 032.
Ph : 040-67161526, Fax: 040-23001153*
- E-mail : nageswara.raop@karvy.com,
einward.ris@karvy.com
Website : www.karvy.com
10. *Investor Grievance Redressal:*

The Company has assigned an exclusive e-mail id: investorgrievance@beml.co.in to enable investors to register their complaints, if not adequately addressed by the STA.
11. *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 ID, phone / mobile contact nos., etc., in all correspondence with the Company/STA.*
12. *Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.*
13. *Pursuant to Regn. 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'Listing Regulations'], the brief resume/profile of the Director eligible for re-appointment is attached hereto.*
14. *In terms of Regn. 42 of the Listing Regulations, the Register of Members and Share Transfer Book will remain closed from 09.09.2016 to 15.09.2016 (both days inclusive) for the purpose of the AGM.*
15. *Pursuant to Regn. 44 of the Listing Regulations, e-voting facility is provided to all the members on the web-site at <https://evoting.karvy.com>. E-voting can be exercised by the members from 9.00 A.M. on 10.09.2016 to 5.00 P.M. on 14.09.2016 A distinctive user id and password to individual member are e-mailed / enclosed to the annual report. Necessary instructions on e-voting facility may be accessed on the web-site with*

the said user ID and password. E-voting is in addition to the voting by poll at the AGM. Cut-off date for members to be eligible for e-voting is 08.09.2016.

16. The dividend declared at the AGM will be paid on or after 19.09.2016, 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 08.09.2016 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 as at the closure of that date.

17. The details of unpaid dividends with corresponding due dates for transfer to the Investor Education and Protection Fund (IEPF) are as follows:

| Dividend for the financial year | Date of Declaration | Unclaimed as on 31.03.2016 (₹ in lakhs) | Due for transfer on |
|---------------------------------|---------------------|---|---------------------|
| 2008-09 | 25.09.2009 | 11.65 | 30.10.2016 |
| 2009-10 | 13.08.2010 | 8.43 | 17.09.2017 |
| 2010-11 | 29.08.2011 | 7.14 | 04.10.2018 |
| 2011-12 | 14.09.2012 | 4.68 | 19.10.2019 |
| 2012-13 | 13.09.2013 | 2.47 | 18.10.2020 |
| 2013-14 | 18.09.2014 | 1.73 | 23.10.2021 |
| 2014-15 | 15.09.2015 | 1.49 | 20.10.2022 |

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 5 to 12 - Appointment of Directors:

In terms of Article 97 of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the terms of office of such Directors. Accordingly, the following appointments on the Board of your Company were effected as per the directives of the President of India:

- Shri Sanjay Prasad (DIN 01577730), Joint Secretary (Land System), Department of Defence Production, Ministry of Defence (MoD), was appointed as Government Nominee Director vide MoD letter No.10(2)/2011-D(BEML) dated 01.10.2015 in place of Smt Kusum Singh.
- Shri M G Raghuvver (DIN 02703301), Shri B P Rao (DIN 00467226) and Shri Sudhir Kumar Beri (DIN 07367157) were appointed as Independent Directors vide MoD letter No.10(4)/2012-D(BEML) dated 02.12.2015. However, appointment of Shri Sudhir Kumar

Beri had taken effect from 11.12.2015.

- Shri B R Viswanatha (DIN 07363486) was appointed as Director (Mining & Construction Business) of the Company vide MoD letter No. 10(14)/2014-D(BEML) dated 27.01.2016. He assumed the charge on 01.02.2016.
- Shri R H Muralidhara (DIN 07363484) was appointed as Director (Defence Business) of the Company vide MoD letter No. 10(13)/2014-D(BEML) dated 08.02.2016. He assumed the charge on 01.03.2016.
- Smt. Surina Rajan (DIN 06699602), Additional Secretary (Defence Production), MoD, was appointed as Government Nominee Director vide MoD letter No.8(80)/2015-D (Coord/DDP) dated 02.06.2016.
- Shri D K Hota (DIN 06600812), Director (HR) of the Company was appointed as the Chairman & Managing Director of the



Company vide MoD letter No. 8(2)/2015-D(BEML) dated 19.05.2016. He assumed charge on 01.07.2016.

Pursuant to the provisions of the Companies Act, 2013, relating to appointment of Directors, it is necessary to place the aforesaid appointments before the members of the Company seeking their consent.

Further, as per the terms of Regn. 36(3) of the Listing Regulations, brief profile of the said Directors are given as under:

Shri Sanjay Prasad, Government Nominee Director:

Shri Sanjay Prasad is a distinguished IAS officer of 1995 batch with about 21 years of experience. Presently he is the Joint Secretary (Land System), Department of Defence Production, Ministry of Defence. Earlier he was the Joint Secretary at Department of Science & Technology. He is a post-graduate in Geography.

He does not hold any equity shares in the capital of the Company.

Shri M G Raghuveer, Independent Director:

Shri M G Raghuveer is a Science Graduate and a Chartered Accountant. He retired as Director-Finance of M/s. Bharat Electronics Limited, the other Listed Defence Public Sector Undertaking after about 35 years of experience in public sector, including M/s. Visvesvaraya Iron and Steel limited, now a Unit of SAIL, and M/s. Tungabhadra Steel Products, a Subsidiary of Bharat Yantra Nigam Limited.

He has wide range of experience in the field of financial management and accounting in manufacturing sector of different product and processes. During his long tenure he has headed unit finance, corporate finance and audit functions. He has gained rich experience in dealing with all the stakeholders like bankers, tax authorities, ministries at both state and central government, customers, vendors, foreign collaborators, financial institutions, trade unions, etc.

He has widely travelled and trained in General and Advanced Financial Management at premium institutions in India and abroad.

He does not hold any equity shares in the capital of

the Company.

Shri B P Rao, Independent Director:

Shri B P Rao is a Commerce Graduate and a Chartered Accountant of 1976 batch from the Institute of Chartered Accountants of India. He is also a Law Graduate.

He is the Founder and Senior Partner in M/s. B.P.RAO & Co., Chartered Accountants, having office in Bengaluru, Chennai and Mysuru. He is also the Chairman of the Board, M/s. BgSE Properties and Securities Limited (earlier known as Bangalore Stock Exchange), and also Director on the Boards of M/s. Reliance Computers Private Limited and M/s Numaligarh Refinery Limited.

Further, he is associated with the development of the Institute of Chartered Accountants of India through the Regional and Central Councils. He was the President of the Institute during 1994-95. He represented ICAI in the council of International Federation of Accountants New York from 1995 to 1997.

He has over 39 years of experience in the field of accountancy, audit, taxation, due diligence, consultation and specialized in the drafting of Memorandum of Understanding and Joint Venture agreements.

He does not hold any equity shares in the capital of the Company.

Shri Sudhir Kumar Beri, Independent Director:

Shri Sudhir Kumar Beri is an officer of 1975 batch of Indian Ordnance Factories Services (IOFS) that he joined through IAS Etc. Examination, 1974.

He has about 40 years of rich and varied experience in the field of Management / Administration. He worked as General Manager (CEO) of Ordnance Factory, Tiruchirapalli and Small Arms Factory, Kanpur. He was elevated to the post of Member, Ordnance Factory Board (OFB) in December 2009. As Member/Technical Services, Finance and Weapons & Vehicles Division he made valuable contribution in areas of his responsibility. His role in development of 155x45 Calibre Gun is widely acclaimed. As Member In-charge of an Operating Division, he led at Corporate level 10 production units and a Greenfield Project. He was appointed as

Director General Ordnance Factories (DGOF) and Chairman/OFB in April 2012 to lead the huge Indian Ordnance Factories Organization to register all round development. On central deputation for eight years, he worked as Welfare Commissioner (HQ) at Deputy Secretary level in Ministry of Labour and also as Chief Vigilance Officer in a Central Public Sector Undertaking.

He does not hold any equity shares in the capital of the Company.

Shri B R Viswanatha, Director (Mining & Construction Business):

Shri B.R. Viswanatha has been appointed as Director (Mining & Construction Business) and Member on the Board of BEML Limited. He assumed charge on 01.02.2016. Shri Viswanatha is a Mechanical Engineer from National Institute of Engineering, Mysuru, and holds Master's degree in Engineering from the Indian Institute of Science, Bengaluru. He joined the Company in 1984. Over the period, he has served in various capacities in different functional areas of the Company like Production, Quality Engineering and Marketing. Prior to assuming charge as Director, Shri Viswanatha was the Executive Director heading KGF Complex.

He does not hold any equity shares in the capital of the Company.

Shri R H Muralidhara, Director (Defence Business):

Shri R.H. Muralidhara has been appointed as Director (Defence Business) and Member on the Board of BEML Limited. He has assumed charge on 01.03.2016. Shri Muralidhara is graduated in Mechanical Engineering from Mysore University. He joined the Company in the year 1983. Over the period, Shri. Muralidhara served in various capacities in different functional areas of the company including Quality, Planning, Production in Defence as well as Mining & Construction vertical apart from heading Mysuru Complex. Prior to assuming the present position, Shri Muralidhara was the Chief General Manager, Defence Production at KGF Complex.

He does not hold any equity shares in the capital of the Company.

Smt. Surina Rajan, Government Nominee Director:

Smt. Surina Rajan is the Additional Secretary (Defence Production), Ministry of Defence since August 2015. She is a topper in Indian Economic Service examination (1985) and All India Topper (#2) in Indian Administrative Service (1985), with over 31 years of experience.

Earlier, she was Joint Secretary (Ordnance / Navy), Ministry of Defence. She has held various coveted posts in State and Central Governments including industry, infrastructure, education and skill sectors. She also worked at the International Labour Organization on secondment for six years and co-ordinated nearly 30 Publications during various assignments with direct intensive inputs.

Her major achievements were (i) development of first successful model of Micro-Financing and bank lending to self-help groups of rural women under a UNICEF-NABARD Project, (ii) developed an alternate town-planning model for rehabilitation of slum dwellers, (iii) Successfully introduced self-Certification for factories and shops / commercial establishments under the Factory Act / The Shops & Commercial Establishments Act, and (iv) Piloted the National Skills Qualification Framework model for the school sector which has been used for replication at national level.

Smt. Rajan does not hold any equity shares in the capital of the Company.

Shri D K Hota, Chairman & Managing Director:

Shri. D K Hota has assumed charge as the Chairman & Managing Director of the Company w.e.f. 01.07.2016. Prior to this assignment, he was the Director (Human Resource) of the Company. 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.

He does not hold any equity shares in the capital of the Company.

S/s Sanjay Prasad, M G Raghuvver, B P Rao, Sudhir Kumar Beri, B R Viswanatha, R H Muralidhara, Smt. Surina Rajan and D K Hota, being the appointees concerned, are considered to be interested in the proposed resolutions. The Board commends the proposed ordinary resolutions for the approval of the members.

Item No. 13 - Ratification of Remuneration to Cost Auditors:

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment of M/s Murthy & Co., LLP, Cost Accountants, upon annual remuneration of ₹2,25,956/- inclusive of conveyance and service taxes to conduct the audit of the cost records of the Company for the financial years 2015-16 and 2016-17.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, the Members are requested to consider and ratify the remuneration payable to the Cost Auditors for the year 2015-16 and 2016-17 as set out in the resolution for the aforesaid services.

The Board of Directors commends the proposed Ordinary Resolution for approval by the Members. None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the proposed resolution.

By order of the Board
For BEML Limited
Sd/-

Bengaluru
02.08.2016

M E V Selvamm
Company Secretary

Details of Director seeking re-appointment as required under regn. 36(3) of the Listing Regulations:

Shri Aniruddh Kumar, Director (Rail & Metro Business):

Shri Aniruddh Kumar assumed charge as Director (Rail & Metro Business) w.e.f. 18.04.2014. Shri Aniruddh Kumar is Bachelor of Technology in Mechanical Engineering and Master of Technology in Industrial Engineering System. He has over three decades of professional experience in Planning and Production and served in various capacities in Public Sector Companies. Prior to assuming the office, he was the Executive Director heading the Koraput Division of HAL. During 1993 to 2009 he served BEML in various capacities and before joining HAL

he was the General Manager heading M/s. Vignyan Industries Limited.

He is a member of All India Management Association and Member of Institution of Engineers. He guided about 25 batches of University Students to complete the thesis, a prerequisite for award of B.Tech degree. On 20.11.2015, he was bestowed with the 'Eminent Engineer Award' by the Institution of Engineers (India) for his excellent services rendered in the field of Heavy Engineering Industry. Shri Aniruddh holds 10 equity shares in the capital of the Company in his personal capacity.

BOARD'S REPORT

Your Board of Directors has pleasure in presenting the 52nd Annual Report and Audited Accounts for the year ended 31.03.2016.

Financial results:

(₹ in Crs.)

| Particulars | 2015-16 | 2014-15 |
|--|---------|---------|
| Gross Revenue including consortium supplies | 3426.02 | 3129.65 |
| Revenue including excise duty | 3287.44 | 2999.17 |
| Net Revenue from operations | 2983.72 | 2809.19 |
| Profit before Depreciation, Interest and Tax | 166.51 | 129.56 |
| Finance cost | 49.03 | 70.51 |
| Depreciation and amortization expense | 53.21 | 52.14 |
| Profit Before Tax | 64.27 | 6.91 |
| Tax Expense | 11.62 | 0.15 |
| Profit After Tax | 52.65 | 6.76 |
| Profit available for appropriations | 272.76 | 231.87 |
| APPROPRIATIONS : | | |
| Proposed Dividend | 16.66 | 4.16 |
| Dividend tax | 3.39 | 0.85 |
| Debenture Redemption Reserve | 32.61 | 6.76 |
| Profit & Loss Account | 220.10 | 220.10 |
| Net Worth | 2109.36 | 2076.76 |

Turnover & Profitability:

Your Company achieved gross revenue of ₹3426.02 crores including the value of consortium supplies against ₹3129.65 crores recorded in the previous year. The revenue from operations (net of consortium supplies and excise duty) stood at ₹2983.72 crores as against ₹2809.19 crores in the previous year, registering a growth of 6.21%. The Value of Production (net of consortium supplies and excise duty) is ₹2740.01 crores as against ₹2599.93 crores in the previous year. The Profit before Tax was ₹64.27 crores as against Profit before Tax of ₹6.91 crores recorded in the previous financial year. Defence Business segment has achieved a Net Sales of ₹329.60 crores in FY 2015-16 as against ₹160.86 crores in FY 2014-15, registering a growth of about 105%. Despite non-receipt of orders relating to

GS/GSCN Rail Coaches, Rail & Metro segment has registered a Net Sales of ₹1038.80 crores in FY 2015-16 as against ₹993.16 crores in FY 2014-15, thereby registering a growth of 4.60%. Despite sluggish market conditions, Mining & Construction segment achieved a Net Sales of ₹1615.32 crores in FY 2015-16 as against ₹1655.17 crores in FY 2014-15, thereby resulting in negative growth of 2.41%.

There was no change in the nature of the business of the Company during the year. Further, there was no material change / commitment occurred affecting the financial position of the Company subsequent to the financial year ended 31.03.2016 till the date of this report.

Performance vis-à-vis MoU:

Performance of your Company, in terms of the Memorandum of Understanding (MoU) signed with the Department of Defence Production, Ministry of Defence (MoD), Government of India, was rated as "Good" for the financial year 2014-15 and the rating for the financial year 2015-16 is estimated as 'Good' based on self-evaluation.

Further to achieve 'Very Good' rating for 2016-17, the MoU targets are proposed at ₹3,150 crores for revenue from operations (net of consortium and excise duty) and ₹28 crores for Profit before Tax (excluding other income, extraordinary and exceptional items).

Dividend:

Your Board of Directors has recommended a dividend of ₹4 per share i.e., 40%, for the year 2015-16 keeping in view the future prospects of the Company and at the same time meeting the aspirations of the shareholders.

Exports:

During 2015-16, your Company made exports aggregating ₹275.23 crores (physical exports of ₹34.66 crores and deemed exports of ₹240.57



crores) as against ₹484.33 crores (physical exports of ₹106.78 crores and deemed exports of ₹377.55 crores) during the previous year. The international presence of the Company increased to 66 countries with the entry to Djibouti and Congo during the year.

Quality:

Key initiatives / actions taken during the year for continuous improvement towards Quality Assurance, are as under:

- All the Manufacturing Divisions continue to hold the Quality Management certification based on the surveillance audit recommendations.
- MoU targets relating to increase in vendor base and quality improvement projects were achieved.
- Quality Circle team 'VENUS' from Earth Moving Division, participated in International Convention on Quality Control Circles ICQCC-2015 held in South Korea, from 5th to 8th October 2015, and won 'GOLD' medal.
- Around 400 Kaizen projects and 5'S' with average score were successfully completed.
- The data relating to vendor list vis-à-vis part number for all categories of project items is made available on-line thereby the vendor base has been streamlined.
- A dedicated screen 'BEML Quality BOARD' on intranet has been created for the display of Quality related improvements. In addition, the material standards and service bulletins are also uploaded.
- Towards customer satisfaction, cross functional teams are active Company-wide to address critical field quality issues.

- Vendor rejections were effectively monitored through Corrective and Preventive Action by Source Inspection Team.

Energy Conservation, Research & Development and Technology Absorption:

Your Company continues to give emphasis on conservation of energy. The efficiency of energy utilization is closely monitored to attain higher level of energy conservation.

Further, the Company's Research & Development Centre (R&D) continues to play a vital role in design and development of products, critical aggregates and indigenization activity. During the year, R&D designed, developed and launched BL120H Backhoe Loader in addition to successful implementation of various improvement projects for the existing products of the Company.

In terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the information on conservation of energy and technology absorption including the products developed by the Company during the year is placed at *Annexure-I*.

Foreign Exchange Earnings and Outgo:

During the year, the Company's foreign exchange earnings stood at ₹140 crores and the total foreign exchange utilized was ₹579.67 crores.

A sum of ₹1.56 crores was incurred towards deputation of personnel abroad for business / export promotion, after-sales-services and training purposes.

Finance:

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

The Company's contributions to Central and State Exchequers were in the order of ₹671.63 crores during the year by way of Excise Duty, Customs Duty, Sales Tax, Service Tax, Dividend and Tax there on, and other taxes and duties.

Fixed Deposits:

The Company did not accept any fixed deposits during the year, and there was no outstanding Fixed Deposits at the beginning / end of the year. Accordingly, there was no default in payment of deposits / interest thereon.

Enterprise Risk Management:

Establishment of Risk Management System, as required under section 134(3)(n) of the Companies Act, 2013, regn. 17(9) of the Listing Regulations, and para 7.3 of DPE Guidelines, is under process. Your Company has engaged the services of M/s. PricewaterCoopers (PWC), to study and implement suitable system for the Company.

Related Party Transactions:

Your Company has formulated a "Policy on Related Party Transactions" to regulate transactions entered into between the Company and its related parties. In terms of Regn. 46(2)(g) of the Listing Regulations, the said policy is placed on the web-site of the Company at www.bemlindia.com.

During the year 2015-16, all transactions that were entered into with the related parties were fair, transparent and at arm's length basis and also in the ordinary course of business of the Company. The said related party transactions were also duly considered and approved by the Audit Committee.

Report on the performance and financial position of subsidiaries and joint venture company

Subsidiary Companies:

(i) M/s. Vignyan Industries Limited (VIL):

VIL has recorded a turnover of ₹32.18 crores as

against ₹30.67 crores, thereby registering a growth of about 5% over the previous year. The value of production of the Company stood at ₹30.88 crores as against ₹31.50 crores and the Company achieved Profit before Tax of ₹0.32 crores as against loss of ₹0.85 crores in the previous year. The Company has shown improvement in financial parameters mainly due to reduction in material consumption and also reduction in employee benefits expense on account of superannuation of employees.

Considering the market demand for high alloy grade castings like T-72 and Tatra Variants relating to Defence business, Axle Box and Buffer Assembly relating to Rail business, and new castings for Mining & Construction business, necessary development and production are planned. These proposals would help VIL to achieve about ₹74 Crs by 2020-21 as envisaged in the Perspective Plan.

The order book position remained at 1,739 MTs as on 01.04.2016. More and more casting requirements are expected from Holding Company as well as from other customers. With this, VIL is confident of achieving better results for the financial year 2016-17.

(ii) M/s. MAMC Industries Limited (MIL):

Your Company 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 (JV) with the shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹48 crores towards the total bid consideration of ₹100 crores for the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets were taken possession by the MAMC Consortium. Further up to 2015-16, the Company



has incurred a sum of ₹8.76 crores towards maintenance, security and other related expenditure. The expenditure incurred by the CIL and DVC on account of this proposal is not ascertained. The total sum of ₹56.76 crores is included under the head other loans and advances pending allotment of equity shares in the capital of JV company. Since the Company intends to treat this as long term investment, no independent valuation of the said assets has been carried out and the diminution in the value of investments, if any, can be ascertained only after the formulation of business plan and obtaining necessary approval for shareholders' agreement from Ministry of Defence (MoD) and consequential allotment of shares in the JV.

In the meantime, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated by your Company as a wholly owned subsidiary for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to MoD for necessary approval. Further as required by the MoD, 'Business Plan' and 'Financial Viability Report' of the proposed JV, is being prepared by Central Mine Planning & Design Institute Limited, a wholly owned subsidiary of CIL.

(iii) M/s. BEML Brazil Industrial Ltda (BBIL):

Your Company entered the Brazil market for brand building exercise and local value addition for the products to meet local standards in anticipation of good business potentials for Freight Wagons and Mining & Construction equipment. As per the requirement under the local laws, BBIL was established. Based on the enquiries, few mining equipment were also supplied to local customers. In the meantime, low cost Chinese equipment flooded the Brazilian market along with their local manufacturing facilities. Further, your Company faced stiff competition in high-end equipment segment from international players like CAT and Komatsu. In view of these developments, it is

proposed to handle the Brazilian market directly and to wind up the existing facilities in Brazil.

Joint Venture Company – M/s. BEML Midwest Limited (BMWL):

BMWL was formed and registered with the Registrar of Companies at Hyderabad on 18.04.2007. BEML holds 45% share and M/s Midwest Granite Pvt. Ltd. (MGPL) and P T Sumber Mitra Jaya of Indonesia as partners holding the balance 55% share. The Company has been established to capitalize on the growing business opportunities in the contract mining segment. However, due to certain unauthorized transactions and the oppression and mismanagement by the nominees of MGPL, your Company had filed an application before Hon'ble Company Law Board (CLB) seeking for suitable relief. As a counter measure, MGPL had also filed a petition on the matter. CLB vide its common order dated 01.06.2012 directed the Central Government to appoint an inspector to investigate the affairs of BMWL and take appropriate action. As per the legal advice, your Company preferred two appeals before Hon'ble High Court of Andhra Pradesh at Hyderabad against the said common order of CLB. The Hon'ble High Court passed the order on 19.08.2013, thereby setting aside the said common order and directing CLB to proceed with a fresh enquiry, and decide the issue in accordance with law and merits also taking into consideration the report of investigation as directed by CLB and pass appropriate orders without getting influenced by the impugned common order of CLB. The Company has filed an application with CLB praying for necessary directions to Regional Director, Ministry of Corporate Affairs, Hyderabad for time bound completion of investigation so that the matter could effectively be heard by CLB.

There was no company which became or ceased to be a subsidiary, joint venture or associate of the Company during the year under review.

A separate section on report on the performance and financial position of each of the subsidiaries, joint venture company are placed under Form AOC-1 provided in the consolidated financial statement of the Company, in terms of section 129(3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014.

Consolidated Financial Statement:

Consolidated Financial Statement of your Company and its subsidiaries and joint venture company is attached to this report.

Vigilance:

The Company has an independent Vigilance Department headed by the Chief Vigilance Officer. The Vigilance Department handled the complaints, conducted investigations / verifications, recommended disciplinary action, did anti-corruption work, preventive vigilance and technical examination / inspections of works and contracts with the objective of promoting integrity, transparency, accountability, equity, as also increasing efficiency and productivity by leveraging technology, in the organization.

During the year, a concept paper on Preventive Vigilance including effective strategies and the measures to be adopted in the organisation was prepared mainly focusing on risk management approach to prevention of corruption. In addition, the Vigilance Department recommended certain system improvement based on the in-house experience as well as the best practices followed in other public system.

Procurements:

Your Company endeavours to procure materials and services through e-procurement platform on ERP system. During the year, about 75% of the total requirements were sourced through e-procurement.

Micro and Small Enterprises:

Keeping in view the effective implementation of Public Procurement Policy for Micro and Small Enterprises (MSEs) Order 2012, following steps have been adopted:

- List of components that could be sourced from MSEs are placed on the Company's web-site at www.bemlindia.com for the information of MSE vendors.
- Communication has been sent to all the registered vendors regarding the said policy with the objective of achieving an overall procurement of 20% from MSEs. Further, for enhancing the procurement from MSEs owned by SC/ST, all the vendors are approached for capturing necessary details and update the data bank.
- Appropriate weightage was given for MSEs in the MoU from year 2015-16 onwards in order to ensure effective implementation of the policy.
- In order to enhance the vendor base from MSEs, your Company is participating in various exhibitions organized by Micro, Small and Medium Enterprises, National Small Industries Corporation, etc.
- During 2015-16, your Company placed orders for goods and services to the extent of ₹188.58 crores from MSEs which constituted 12.37% of the total procurement value of ₹1524.45 crores.

Compliance under the Right to Information Act, 2005:

The information required to be provided to citizens under Section 4(1)(b) of RTI Act, 2005 is placed on Company website, www.bemlindia.com. It contains general information of the Company, functions,



powers and duties of employees/officers, decision making process, rules, regulations, manuals and records held by the Company, directory of the Company's officers, pay scales of officers / employees etc., and procedure for seeking information and inspection of records. The Company has nominated a Central Public Information Officer, Appellate Authority, Transparency Officer and six Central Assistant Public Information Officers representing Complex / Divisions to attend to the queries and appeals. Further, during the year 2015-16 the Company received 206 applications and queries related to human resources, recruitment, contracts, tenders, business related matters etc., and the same were disposed off.

Rajbhasha:

Your Company continued its efforts in implementing the Official Language (OL) Policy. OL Implementation Committee is constituted to review the status of use of Hindi across the Company. The said Committee met four times during the year and reviewed the implementation status. OL Inspection was carried out by Joint Director, Department of Official Language, Ministry of Defence, New Delhi, at Regional Offices at Delhi and Chennai. First Sub-Committee of the Parliamentary Committee on OL inspected Regional Office at Delhi and Kolkata, reviewed the implementation of OL policy and suggested additional measures for implementation. 542 executives/employees were trained in Hindi under Hindi Teaching Scheme of Government of India, during the period under review. 10 Hindi workshops were organized in which 213 officers / employees were trained. Hindi Fortnight was observed from 01.09.2015 to 14.09.2015 throughout the Company and variety of competitions was organized. Website of your company is made available in Hindi also and updated the contents periodically.

Corporate Governance:

A report on Corporate Governance along with a

Compliance Certificate and Management Discussion and Analysis Report as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines is placed at *Annexure-II*.

Awards:

- On 03.08.2015, your Company was bestowed with Rajbhasha Award in Big PSU category by the Town Official Language Implementation Committee for PSUs for the commendable performance in implementation of Hindi during the year 2014-15.
- On 20.11.2015, Shri Aniruddh Kumar, Director (Rail & Metro Business) was bestowed with the "Eminent Engineer Award" by the Institution of Engineers (India) for his excellent services rendered in the field of Heavy Engineering Industry.
- On 26.12.2015, your Company had bagged the "Star Performer Award" in the Export category for the year 2013-14 from Engineering Export Promotion Council.
- On 27.01.2016, your Company was bestowed with prestigious "Raksha Mantri's Award for Excellence" under the Institutional Award category for Best Performance in Exports during 2012-13.
- On 12.04.2016, your Company won the "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management – Special Institutional Category (Turnaround)" for the year 2013-14.

Manpower:

The number of employees of the Company as on 31.03.2016 stood at 8,827 as against 9,599 of the previous year.

The category-wise number of SC/ST and Ex-

Servicemen employees as on 01.01.2016 and recruitment made are as under :

| Category / Group | Total Strength As on | | No. of SC/ST and Ex-servicemen | | | | | |
|------------------|----------------------|-------------|--------------------------------|-------------|-----------------|------------|----------------|------------|
| | | | Scheduled Caste | | Scheduled Tribe | | Ex-Service Men | |
| | 1.1.2015 | 1.1.2016 | 1.1.2015 | 1.1.2016 | 1.1.2015 | 1.1.2016 | 1.1.2015 | 1.1.2016 |
| Group-A | 1523 | 1549 | 268 | 283 | 56 | 56 | 7 | 6 |
| Group-B | 976 | 794 | 178 | 135 | 76 | 65 | 11 | 13 |
| Group-C | 7244 | 6568 | 1602 | 1475 | 339 | 306 | 308 | 275 |
| Group-D | 27 | 25 | 16 | 14 | 4 | 4 | - | - |
| Total | 9770 | 8936 | 2064 | 1907 | 475 | 431 | 326 | 294 |

The Company recruited 19 candidates during the year under review as under:

- 1 from Scheduled Caste in Group C,
- 7 from Scheduled Tribe in Group B, and
- 11 from Other Backward Class, out of which 2 in Group A and 9 in Group B.

Human Resource Development and Industrial Relations:

The HR Department identified several thrust areas for continuously updating technical/professional knowledge and skills of employees towards 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 23,156 man-days.

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

Sexual Harassment of Women at Workplace:

In terms of the provisions of the Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee is constituted in all the manufacturing units. No sexual harassment complaint was reported under the said Act during the year 2015-16.

Corporate Social Responsibility & Sustainability:

In terms of Section 135 of the Companies Act, 2013 and DPE Guidelines on MoU, the Corporate Social Responsibility & Sustainability (CSR) Committee has been constituted. Further details of CSR are placed under the same heading in *Annexure-II* and an annual report on CSR activities undertaken during the year is placed at *Annexure-III*.

Environment and Pollution Control:

In order to protect the environment in and around the factory premises/township, tree plantation were undertaken. Your Company planted saplings of various types of avenue trees / flower bearing trees in the vacant lands belonging to the Company for maintaining ecological balance in the surrounding areas.

Particulars of Employees:

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Statutory Auditors:

The Comptroller & Auditor General of India has appointed M/s. S.R.R.K Sharma Associates, Chartered Accountants, Bengaluru, as the Statutory Auditors for the financial year 2015-16.

Observation, if any, made in the Independent Auditors' Report on the financial statement including consolidated financial statement and the reply of the Board of Directors thereto will be given by way of an addendum to this report.

Cost Auditors:

Your Company appointed M/s. Murthy & Co., LLP, Cost Accountants, Bengaluru, as Cost Auditors for



the year 2015-16 in terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 for preparing and filing necessary 'Cost Audit Report' for Railway Rolling Stock and its Parts. Further, as required under the said Rules, the remuneration payable to the Cost Auditor is placed in the notice convening 52nd Annual General Meeting for ratification of the members.

Secretarial Auditors:

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s VN & Associates, Practicing Company Secretaries, Bengaluru, to undertake the Secretarial Audit of the Company for the year 2015-16.

The Secretarial Audit Report and the replies to the observations made in the said report are placed at *Annexure-IV*.

C&AG Audit:

The Comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial statements including consolidated financial statement are appended at page No. 105 and 146 to the annual report.

Directors:

(1) Appointment of Independent Directors:

During the year, the Government of India, vide letter Ref: No.10(4)/2012-D(BEML), dated 02.12.2015, appointed S/s B P Rao, Sudhir Kumar Beri and M G Raghuvver as Independent Directors on the Board of the Company.

Pursuant to Schedule IV of the Companies Act, 2013, the appointment of the aforesaid Independent Directors was formalized through a letter of

appointment setting out the terms and conditions of their appointment, which is also placed on the website of the Company at www.bemlindia.com.

(2) Statement on declaration by Independent Directors:

Independent Directors have given declarations u/s 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down u/s 149(6) of the said Act.

(3) Remuneration of Directors:

Your Company being a Central Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the President 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.

Government Nominee Directors were neither paid any remuneration nor sitting fee for attending Board/Committee meetings.

Independent Directors are paid only sitting fee of ₹20,000 per meeting of the Board / Committee of the Board attended by them. Further, if there are more than one such meeting on the same day, a sitting fee @ ₹10,000 is paid for the second and subsequent meeting/s.

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

Further, none of the Directors had any pecuniary relationship nor entered into any related party transaction with the Company during the year.

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration paid to the Directors during 2015-16 are provided

under the 'Report on Corporate Governance' annexed to this report.

(4) Change of Directors:

In terms of Article 97 of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the term of office of such Directors. Accordingly, the following appointments on the Board of your Company were effected as per the directives of the President of India:

- Shri Sanjay Prasad, Joint Secretary (Land System), Department of Defence Production, Ministry of Defence (MoD), was appointed as Government Nominee Director vide MoD letter No.10(2)/2011-D(BEML) dated 01.10.2015 in place of Smt. Kusum Singh.
- Shri B P Rao, Shri Sudhir Kumar Beri and Shri M G Raghuvier were appointed as Independent Directors vide MoD letter No.10(4)/2012-D(BEML) dated 02.12.2015.
- Shri B R Viswanath was appointed as Director (Mining & Construction Business) of the Company vide MoD letter No. 10(14)/2014-D(BEML) dated 27.01.2016. He assumed the charge on 01.02.2016.
- Shri R H Muralidhara was appointed as Director (Defence Business) of the Company vide MoD letter No. 10(13)/2014-D(BEML) dated 08.02.2016. He assumed the charge on 01.03.2016.
- Smt. Surina Rajan, Additional Secretary (Defence Production), MoD, was appointed as Government Nominee Director vide MoD letter No.8(80)/2015-D(Coord/DDP) dated 02.06.2016.
- Shri D K Hota, Director (HR) of the Company was appointed as the Chairman & Managing

Director of the Company vide MoD letter No. 8(2)/2015-D(BEML) dated 19.05.2016. He assumed charge on 01.07.2016.

The Board placed on record its deep appreciation of the valuable services rendered by the Directors whose term of office ended during the year.

(5) Number of meetings of Board:

During the year, 11 meetings of the Board were held on 29.04.2015, 28.05.2015, 29.05.2015, 10.07.2015, 17.07.2015, 14.08.2015, 15.09.2015, 06.11.2015, 21.12.2015, 13.01.2016 and 11.02.2016. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regn. 17(2) of the Listing Regulations, and Para 3.3.1 of the DPE Guidelines, were complied with in full.

(6) Directors' Responsibility Statement:

Pursuant to section 134(5) of the Companies Act, 2013, your Directors state that, based on the representation received from the management,

- (a) in the preparation of the annual financial statements for the year ended 31.03.2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2016 and of the profit of the Company for the year ended on that date;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- (d) the annual financial statements have been prepared on a going concern basis;
- (e) proper internal financial controls were put in place and that the internal financial controls were adequate and operating effectively.
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return:

In terms of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the prescribed form is placed at *Annexure-V*.

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, M/s. Steel Authority of India Limited, Railway Board, M/s. Delhi Metro Rail Corporation Limited, M/s. Bangalore Metro Rail Corporation Limited and M/s. Jaipur Metro Rail Corporation for their patronage and confidence reposed on the Company. The Directors also acknowledge and thank 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 Company's Consortium of Banks and other Bankers 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, Statutory Auditors, Cost Auditors and Secretarial Auditors for their valued co-operation.

The Directors also 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/-

Bengaluru
27.05.2016

P Dwarakanath
Chairman & Managing Director

Annexures to Board's Report for the Financial Year 2015-16

Annexure-I

CONSERVATION OF ENERGY**(a) Steps taken or impact on conservation of energy**

- (i) Used 4KW capacity Portable Air Compressor in place of 55KW capacity Motor Air compressor resulted in conservation of 148920 kWh equivalent to ₹9.83 lakhs.
- (ii) Installation of 2 Nos. of 5000 litres capacity solar water heating system for canteen resulted in conservation of 102816 units equivalent to ₹6.07 lakhs.
- (iii) Installation of 100 KVA energy saver unit for shop high bay, road and perimeter lightings resulted in conservation of 72264 units equivalent to ₹5.23 lakhs.
- (iv) Installation of 150W Metal halide high bay fitting in place of 800W HPMV lamps for road lighting inside factory premises resulted in conservation of 68760 units equivalent to ₹4.06 lakhs.
- (v) Installation of solar lighting system for perimeter resulted in conservation of 43200 kWh equivalent to ₹3.13 lakhs.
- (vi) Installation of energy efficient Induction Type 47 Nos. of 120W high bay fittings in shop floor in place of 400W HPMV Lamp fittings resulted in conservation of 51744 units equivalent to ₹3.05 lakhs.
- (vii) Installation of 2 Nos. of 60KVA energy saver panels at Hangar for light loading application resulted in conservation of 45360 kWh equivalent to ₹2.68 lakhs.
- (viii) Used 10 Nos. of 15KVA inverter welding sets in place of conventional CO₂ welding sets resulted in

conservation of 43200 kWh equivalent to ₹2.55 lakhs.

- (ix) Installation of LED lights in place of HPSV lights for road lightings resulted in conservation of 32832 units equivalent to ₹2.38 lakhs.
- (x) Installation of energy conservation devices for roof lighting resulted in conservation of 33860 kWh equivalent to ₹2.24 lakhs.
- (xi) Replaced LED lighting in place of incandescent lamps resulted in conservation of 27672 kWh equivalent to ₹1.83 lakhs.
- (xii) Used 30 / 25 Nos. of 90W / 30W road lighting in place of 250W / 70W MHL resulted in conservation of 25056 units equivalent to ₹1.30 lakhs.
- (xiii) Used LED / CFL lighting in place of fluorescent lights resulted in conservation of 17288 kWh equivalent to ₹1.25 lakhs.
- (xiv) Introduction of online hydraulic oil filtration system resulted in conservation of 1260 litres equivalent to ₹1.20 lakhs.

(b) Steps taken by Company for utilizing alternate sources of energy

Your Company setup 5 MW Windmill during 2007 in Kappadagudda area of Gadag district in Karnataka for captive consumption. The existing Windmill generated 77.50 lakh kWh power during 2015-16 resulting in green house gas reduction. Further, out of the 18 MW Wind Mill project under progress, 9 MW capacity has already been commissioned which has generated 20 lakh kWh during the year.



(c) Capital investment on energy conservation equipment

(₹ in Lakhs)

| S.No. | Conservation equipments | Investment |
|-------|---|------------|
| 1 | Energy saver units for shop high bay, road and perimeter lights | 10.00 |
| 2 | LED lights for road lighting | 9.55 |
| 3 | Solar lights for perimeter | 9.00 |
| 4 | Wind Turbine Generators | 6.89 |
| 5 | LED light fitting for shop high bay | 5.00 |
| 6 | 1000 LPD solar water heater and its accessories | 1.24 |
| 7 | CFL / LED for office lighting | 0.76 |
| | Total | 42.44 |

TECHNOLOGY ABSORPTION:

Research & Development (R&D):

(i) Efforts made towards Technology Absorption:

During the year, R&D Department took initiatives for design and development of high technology products and aggregates for Mining & Construction, Defence and Rail & Metro segments as per customer requirements. Some of such products were also manufactured and launched for customer trials.

Depending on the sectoral needs for the year 2015-16, R&D launched the following products / projects:

Mining & Construction:

- BL120H Back Hoe Loader - designed and developed with higher capacity bucket, emission compliant engine and equal tyres at front and rear and rolled out.
- BD50 Dozer - designed and developed 117HP class with Hydrostatic Transmission, Power Angle and Tilt Blade and Closed-centre Load Sensing System.
- BL9H (4X4) - design and development of electronic engine for application.
- BD155-1 / BD355-1 Dozers - design and development of Proportional Steering Control Valve.

- BH100A Dump truck - design and development of Wet Multiple Disc brake system on front brakes.
- BE1000 Excavator - design and development of CAN based single 7” LCD display instrumentation.
- Development of 1.5 cu.m Load Haul Dumper.
- BH60M - introduction of Auto Spin Regulator.
- BE1800E Excavator - design and development of splash lubrication type PTO.
- BD355 Dozer - up-gradation with Closed-centre Load Sensing System and engineering of BS6D170EG engine on BD355-1.
- BL40 - up-gradation with BS-III Electronic Engine, Bucket leveller and boom kick out mechanism.
- BWS28 - up-gradation with BEML Electronic Engine, BEML Transmission, modified water tank and pumping system.

Defence:

- SMERCH 8x8 and 10x10 High Mobility Vehicle - designed and developed the vehicles with technology for additional steerable rear wheel, anti lock brake system, power-pack and ABS and successfully cleared user trials.

Rail & Metro:

- Catenary Maintenance Vehicle - designed, developed and supplied to Navi Mumbai Metro Corporation.
- DMRC RS13 - design completed for Broad gauge driving trailer car and up-gradation of propulsion system, introduction of CCTV and other safety features.
- Special standard gauge wagon for Bengaluru Metro - design and development of prototype completed.

- DMRC RS9 - technical support completed for standard gauge metro cars.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

Major R&D initiatives helped the product improvement, cost reduction and also provided cutting edge technology features for the existing products that enabled the Company to retain the existing customers, expand the market share and also helped in exploring emerging markets.

These new initiatives enhanced the skill sets, knowledge, expertise of R&D personnel and raised the confidence level in taking up new challenges arising from time to time.

Design and development of BL120H Backhoe Loader:

Company has designed, developed and introduced BL120H Backhoe loader for the first time in India with higher capacity bucket, emission compliant engine and equal tyres at front and rear.

DMRC RS13 Metro Cars

Product improvement was done and is expected to generate further business opportunities.

(iii) Imported technology (imported during last three years reckoned from the beginning of the financial year):

Nil.

(iv) Future plan of action:

Keeping in view of emerging trends in technology and also in line with the unfolding business scenario, R&D has put 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, to handle and cope up with the latest technologies effectively.

R&D has also planned to develop a series of products/aggregates covering all the three business segments.

(v) Expenditure on R&D:

Company has spent ₹66.63 crores on R&D during 2015-16 which is about 1.95% of the turnover (Gross Revenue including consortium supplies).

For and on behalf
of the Board of Directors

Sd/-

Bengaluru
27.05.2016

P Dwarakanath
Chairman & Managing Director

**1. COMPANY'S PHILOSOPHY**

Senior Management initiates the Corporate 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 for developing a work culture that fosters accountability, fairness, integrity and transparency in its dealings, while adhering to the fundamental principle of enhancing the trust and value of all stakeholders.

Your Company has a 'Code of Conduct and Business Ethics for Board Members and Senior Management', i.e., Directors, Key Managerial Personnel, Executive Directors and Chief General Managers. In addition, there is a 'BEML Code of Conduct to regulate, monitor and report trading by Insiders' to avoid unlawful enrichment by the connected persons based on unpublished price sensitive information.

Your Company is in compliance with the requirements of the Corporate Governance standards as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprise-2010 (hereinafter referred to as 'DPE Guidelines').

2. BOARD OF DIRECTORS**(i) Composition:**

As at 31.03.2016, the Board consisted of 6 Whole-time Directors including the Chairman & Managing Director, 1 Government Nominee Director and 3 Independent Directors. There were 4 vacancies for Independent Directors on the Board including at least one Woman Director. Accordingly, the composition did not comply with the requirements under Regn. 17 of the Listing Regulations. There was no inter-se relationship among the directors.

(ii) Meetings and Attendance:

During the year, eleven meetings of the Board were held on 29.04.2015, 28.05.2015, 29.05.2015, 10.07.2015, 17.07.2015, 14.08.2015, 15.09.2015, 06.11.2015, 21.12.2015, 13.01.2016 and 11.02.2016. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regn. 17(2) of the Listing Regulations, and Para 3.3.1 of the DPE Guidelines, were complied with in full.

The details of attendance of the Directors at the Meetings of Board, Annual General Meeting (AGM) and their other directorships and Committee memberships held by them across the companies, during the year 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/NA) | No. of other directorships held | * Number of Committee Memberships across all companies |
|------------------------------|---|---|---------------------------------------|---------------------------------|--|
| Functional Directors: | | | | | |
| 1 | Chairman & Managing Director Shri P. Dwarakanath (DIN 02107805) | 11/11 | Yes | -- | -- |
| 2 | Director (HR) Shri D K Hota (DIN 06600812) | 9/11 | Yes | -- | 1 |
| 3 | Director (Finance) Shri Pradeep Swaminathan (DIN 06565229) | 11/11 | Yes | 1 | 1 |

| 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/NA) | No. of other directorships held | * Number of Committee Memberships across all companies |
|--------------------------------------|--|---|---------------------------------------|---------------------------------|--|
| 4 | Director (Rail & Metro Business) Shri Aniruddh Kumar (DIN 06861374) | 11/11 | Yes | -- | -- |
| 5 | Director (Mining & Construction Business) Shri. B R Viswanatha ¹ (DIN 07363486) | 1/1 | NA | 1 | -- |
| 6 | Director (Defence Business) Shri R H Muralidhara ² (DIN 07363484) | -/- | NA | -- | -- |
| 7 | Director (Mining & Construction Business) Shri. C N Durgesh ³ (DIN 03487810) | 10/10 | Yes | -- | 1 |
| 8 | Director (Defence Business) Shri P R Naik ⁴ (DIN 03579729) | 11/11 | Yes | -- | -- |
| Government Nominee Directors: | | | | | |
| 9 | Shri Sanjay Prasad ⁵ (DIN 01577730) | 2/4 | NA | -- | -- |
| 10 | Shri Rajnish Kumar ⁶ (DIN 06368293) | 1/11 | No | -- | 1 |
| 11 | Smt. Kusum Singh ⁷ (DIN 06489228) | 2/7 | No | -- | -- |
| Independent Directors: | | | | | |
| 12 | Shri Sudhir Kumar Beri ⁸ (DIN 07367157) | 3/3 | NA | -- | 1 |
| 13 | Shri M G Raghuv ⁹ (DIN 02703301) | 3/3 | NA | -- | 2 |
| 14 | Shri B P Rao ⁹ (DIN 00467226) | 2/3 | NA | 3 | 1 |
| 15 | Shri C Balakrishnan ¹⁰ (DIN 00040416) | 4/7 | Yes | -- | 1 |
| 16 | Shri Suhas Anand Bhat ¹⁰ (DIN 01627074) | 3/7 | No | -- | 1 |
| 17 | Shri N P Gupta ¹⁰ (DIN 02548988) | 6/7 | Yes | -- | 2 |

* As per Regn. 26 of Listing Regulations, Chairmanship/membership of the Audit Committee and the Stakeholders' Relationship Committee are only reckoned with.

1. Appointed w.e.f. 01.02.2016
2. Appointed w.e.f. 01.03.2016
3. Ceased to be Director on 29.01.2016
4. Ceased to be Director on 29.02.2016
5. Appointed w.e.f. 01.10.2015

6. Ceased to be Director on 03.03.2016
7. Ceased to be Director on 30.09.2015
8. Appointed w.e.f. 11.12.2015
9. Appointed w.e.f. 02.12.2015
10. Ceased to be Directors on 15.10.2015



(iii) Directors retiring by rotation

In terms of the provisions of the Companies Act, 2013, Shri Aniruddh Kumar, Director (Rail & Metro Business) will be retiring by rotation and being eligible, offer himself for re-appointment at the ensuing AGM. Further, in terms of the 36(3) of the Listing Regulations, brief resume of the said Director is appended to the notice of the AGM. The Board commends the re-appointment of the said retiring director.

(iv) Directors' Shareholding

Shri Aniruddh Kumar, Director (Rail & Metro Business), holds 10 equity shares in his personal capacity. No other Director is holding equity shares or debt securities in your Company as on 31.03.2016.

(v) CEO/CFO Certification

In terms of Regn. 17(8) of the Listing Regulations, Chief Executive Officer (Chairman and Managing Director), who is also holding the additional charge of the roles and responsibilities of Director-Finance (Chief Financial Officer), has issued necessary certificate to the Board of Directors with respect to the financial statement for the year 2015-16. The said certificate was reviewed and recommended by the Audit Committee in terms of Para 4.5(vi) of the DPE Guidelines and taken on record by the Board at its 332nd meeting held on 27.05.2016.

(vi) Review of Compliance of Laws

In terms of Regn. 17(3) of the Listing Regulations, Para 3.3.3 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, the Board reviewed the compliance reports relating to various laws applicable to the Company for the year 2015-16 and noted that there was no instance of non-compliance. There was no significant or material order passed during the year by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

(vii) Familiarization/Training of Board Members

In terms of Regn. 25(7) of the Listing Regulations, Para 3.7 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, a 'Policy on Familiarization / Training Programmes to Board Members' was formulated and approved by the Board of Directors.

As per the terms of the said policy, the Board members including Independent Directors are provided with the familiarization programmes on their roles, rights, responsibilities, nature of industry, Company's business model, procedures and practices and also provided with necessary documents, brochures and reports to keep the Directors abreast of the necessary information relating to the Company. Further, the Board members participate in various training programmes on corporate governance and other Board related topics from time to time.

Further, in terms of Regn.46(2)(i) of the Listing Regulations, the aforesaid policy along with familiarization and training programmes imparted to the Independent Directors are placed on the Company's web-site www.bemlindia.com.

(viii) Code of Conduct

In terms of Regn. 17(5) of the Listing Regulations and Para 3.4 of the DPE Guidelines, the Board of Directors of your Company has laid down a 'BEML Code of Conduct and Business Ethics for Board Members and Senior Management' of the Company and the same is also placed on the Company's web-site www.bemlindia.com, as required under Regn.46(2)(d) of the said Regulations. Board Members and Senior Management, i.e., Directors, Key Managerial Personnel, Executive Directors and Chief General Managers have affirmed compliance with the said Code. A declaration to this effect signed by the Chairman and Managing Director/CEO 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 31.03.2016.

For and on behalf of the Board of the Directors
Sd/-

Bengaluru
27.05.2016

P Dwarakanath
CMD/CEO

(ix) Code of Conduct to regulate, monitor and report trading in securities by Insiders

Pursuant to Regulations 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of your Company has approved "BEML Code of Conduct to regulate, monitor and report trading by Insiders" in the securities issued by the Company on the basis of unpublished price sensitive information and the same is placed on the Company's website www.bemlindia.com. The connected persons as defined under the Code should obtain permission from the Competent Authority to deal in securities during the trading window beyond the specified limits. Periodical disclosures are also required to be made as provided under the Code to prevent the instance of insider trading.

Further, in terms of DPE Guidelines and Section 195 of the Companies Act, 2013, the Board of Directors and Senior Management personnel comply with the aforesaid code of internal procedures and conduct for prevention of Insider Trading.

(x) Whistle Blower Policy

In terms of the provisions of Section 177 of the Companies Act, 2013, Regn. 22 of the Listing Regulations and Para 4.3 of the DPE Guidelines, your Company has formulated necessary "Vigil Mechanism / Whistle Blower Policy" for directors and employees to report genuine concerns. The said policy provides for adequate safeguards against victimization of director/s or employee/s or any other person who avail the said mechanism and also provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. In terms of Regn.46(2)(e) of the Listing Regulations, the said policy is placed on the Company's website www.bemlindia.com.

3. BOARD COMMITTEES:

The Board of Directors has constituted various Committees as detailed hereunder together with brief terms of reference. Further, the details of such Committees are also placed on the Company's web-site at www.bemlindia.com, in terms of Regn. 46(2)(c) of the Listing Regulations:

(i) Audit Committee:

The Audit Committee complies with the terms of reference as enumerated under the applicable provisions under the Companies Act, 2013, Listing Regulations, DPE Guidelines as amended from time to time and should also comply with the directives of the Board of Directors, Department of Defence Production, Central Vigilance Commission, and such other competent authority.

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

| S.No. | Name of the Director | Category | Attendance |
|------------------|-------------------------------------|----------------------------------|------------|
| <i>Chairman:</i> | | | |
| 1 | Shri B P Rao ¹ | Independent Director | 3/3 |
| 2 | Shri C Balakrishnan ² | Independent Director | 2/2 |
| <i>Members:</i> | | | |
| 3 | Shri Sudhir Kumar Beri ¹ | Independent Director | 3/3 |
| 4 | Shri M G Raghuvver ¹ | Independent Director | 3/3 |
| 5 | Shri N P Gupta ² | Independent Director | 2/2 |
| 6 | Shri Suhas Anand Bhat ² | Independent Director | 1/2 |
| 7 | Shri C N Durgesh ³ | Director (Mining & Construction) | 2/2 |
| 8 | Shri Rajnish Kumar ⁴ | Government Nominee Director | 0/5 |

1. Appointed w.e.f. 21.12.2015.
2. Ceased to be members on 15.10.2015.
3. Ceased to be member on 21.12.2015.
4. Ceased to be member on 03.03.2016.



During the year, the Audit Committee met five times. Further, in terms of Regn. 18(2) of the Listing Regulations and Para 4.4 of the DPE Guidelines, the Audit Committee complied with the requirements on number of meetings excepting during the third quarter ended 31.12.2015, as there were no Independent Directors on the Board during the quarter. In terms of section 177(8) of the Companies Act, 2013, the Board accepted all the recommendations made by the Audit Committee during the year.

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 51st AGM of the Company.

(ii) Nomination and Remuneration Committee

Pursuant to the provisions under Section 178(1) of the Companies Act, 2013 and Regn. 19 of the Listing Regulations, a Committee by the nomenclature “Nomination and Remuneration Committee” has been constituted.

The terms of reference of Nomination and Remuneration Committee would include, recommending to the Board the annual bonus / variable pay pool and policy for its distribution across the executives and non-unionized supervisors of the Company, and also recommending special / exclusive allowances and provisions to the personnel serving in remote areas including Jammu Kashmir and North East Region. Further, the Nomination and Remuneration Committee would carry out the terms of reference specified under the provisions of the Companies Act, 2013 and Listing Regulations, subject to the exemptions granted to the government companies from time to time.

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

| S.No. | Name of the Director | Category | Attendance |
|------------------|-------------------------|-----------------------------|------------|
| <i>Chairman:</i> | | | |
| 1 | Shri Sudhir Kumar Beri* | Independent Director | 1/1 |
| 2 | Shri N P Gupta* | Independent Director | NA |
| <i>Members:</i> | | | |
| 3 | Shri B P Rao* | Independent Director | 1/1 |
| 4 | Shri Rajnish Kumar* | Government Nominee Director | 0/1 |
| 5 | Smt Kusum Singh* | Government Nominee Director | NA |
| 6 | Shri C Balakrishnan* | Independent Director | NA |
| 7 | Shri D K Hota * | Director (HR) | NA |

* Part of the year

The Nomination and Remuneration Committee met only once during the year.

(iii) Stakeholders Relationship Committee

In terms of Section 178(5) of the Companies Act, 2013 and Regn. 20(1) of the Listing Regulations, the Board of Directors has constituted the “Stakeholders Relationship Committee”.

The terms of reference would include, monitoring the grievance redressal by the Company as well as the Registrar and Share Transfer Agent of the Company, and to review and recommend to the Board the redressal status of grievances registered on SEBI Complaints Redress System (SCORES).

The Committee consists of following Directors / Compliance Officer:

| S.No. | Name of the Director | Category |
|---------------------------|--------------------------|----------------------|
| <i>Chairman :</i> | | |
| 1 | Shri M G Raghuveer* | Independent Director |
| 2 | Shri N P Gupta* | Independent Director |
| <i>Members :</i> | | |
| 3 | Shri D K Hota | Director (HR) |
| 4 | Shri Pradeep Swaminathan | Director (Finance) |
| <i>Company Secretary:</i> | | |
| 5 | Shri M E V Selvamm | Compliance Officer |

* Part of the year

The Company has an exclusive e-mail ID investorgrievance@beml.co.in to enable investors for on-line registration of their complaints. The Company endeavour to reply to the complaints within a period of 3 working days. In terms of Regn. 46(2)(j&k) of the Listing Regulations, the said e-mail ID and other relevant details are placed on the Company's web-site at www.bemlindia.com.

Further, pursuant to SEBI Circulars dated 03.06.2011 and 18.12.2014, M/s Karvy Computershare Pvt. Ltd., the Share Transfer Agent of the Company (STA), is authorized to monitor the on-line complaints placed by SEBI on SCORES. From the inception of the said system on 18.07.2011, there were 24 complaints placed and there was no complaint pending as on 31.03.2016. Further, the redressal status of the said complaints is reviewed by the Board of Directors from time to time.

In terms of Regn. 13(4) of the Listing Regulations, a quarterly statement on investor complaints received and redressal thereof, as submitted with BSE and NSE, are placed before the Board for information. Accordingly, the status of total investor complaints and redressal thereon during the year are as under:

| | |
|---|------|
| No. of complaints pending beginning of the year | : 01 |
| No. of complaints received during the year | : 39 |
| No. of complaints resolved during the year | : 40 |
| No. of complaints pending resolved at the end of the year | : 0 |

(iv) Share Certificate Committee

In terms of Regn. 39(2) of the Listing Regulations, the Board of Directors at their meeting held on 06.11.2015, constituted a Committee in the name as "Share Certificate Committee".

The terms of reference of Share Certificate Committee would be considering the request for (i) duplicate and (ii) remat share certificates and approve issue of certificates accordingly complying with the provisions of the Companies Act, 2013 and Listing Regulations.

The Committee consists of following Directors / Compliance Officer:

| S.No. | Name of the Director | Category |
|---------------------------|--------------------------|----------------------------------|
| <i>Chairman :</i> | | |
| 1 | Shri D K Hota | Director (HR) |
| 2 | Shri C N Durgesh* | Director (Mining & Construction) |
| <i>Members :</i> | | |
| 3 | Shri Pradeep Swaminathan | Director (Finance) |
| 4 | Shri B R Viswanatha* | Director (Mining & Construction) |
| <i>Company Secretary:</i> | | |
| 5 | Shri M E V Selvamm | Compliance Officer |

* Part of the year



The Share Certificate Committee met 2 times during the year under review.

(v) Corporate Social Responsibility & Sustainability Committee

In terms of Section 135 of the Companies Act, 2013 and DPE Guidelines on MoU, the Corporate Social Responsibility & Sustainability (CSR) Committee has been constituted.

The terms of reference of CSR Committee would include –

- (a) to formulate and recommend to the Board CSR Policy of the Company.
- (b) to recommend CSR projects / programmes / activities along with the estimated budgets, and
- (c) to monitor the implementation of CSR projects / programmes / activities of the Company and expenditure thereon.

The Committee consists of the following directors:

| S.No. | Name of the Director | Category |
|-------------------|-------------------------|---------------------------|
| <i>Chairman :</i> | | |
| 1 | Shri Sudhir Kumar Beri* | Independent Director |
| 2 | Shri N P Gupta* | Independent Director |
| <i>Members :</i> | | |
| 3 | Shri D K Hota | Director (HR) |
| 4 | Shri Aniruddh Kumar | Director (Rail and Metro) |

* Part of the year

The Board of Directors of your Company has approved a “Policy on Corporate Social Responsibility and Sustainability” to ensure commitment at all levels in the organization, and to operate the Company's business in an economically, socially and environmentally responsible and sustainable manner, while recognizing the interests of all stakeholders. The CSR activities are monitored periodically by the Committee and an annual report on CSR activities undertaken during the year 2015-16 is enclosed at *Annexure-III*. Further, the CSR policy of the Company along with the activities undertaken is placed on the Company's web-site www.bemlindia.com.

(vi) Procurement Committee

In terms of the guidelines issued by the Ministry of Defence, Government of India, the Board of Directors has constituted a Committee in the name as 'Procurement Committee' for considering and approving all procurements exceeding ₹50 lakhs from single sources and ₹500 lakhs through open / limited tenders.

The Committee consists of following directors:

| S.No | Name of the Director |
|------|---|
| 1 | Shri M G Raghuvver – Chairman Independent Director |
| 2 | Director (Finance) – Member |
| 3 | Director (HR) – Member |
| 4 | Business Group Director concerned – Member |

The Procurement Committee met 14 times during the year under review.

(vii) Independent Directors Meeting

In terms of the provisions under the Companies Act, 2013 and Regn.25 of the Listing Regulations, the Independent Directors met on 02.03.2016 and all three Independent Directors attended the meeting.

4. REMUNERATION OF DIRECTORS

Your Company being a Central 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.

Pursuant to Schedule IV of the Companies Act, 2013, the appointment of Independent Directors was formalized through a letter of appointment setting out the terms and conditions of their appointment, which inter-alia, includes remuneration and re-imbursement of expenses for participation in the meetings of Board and Committees of Board. Further, in terms of Schedule IV and Regn.46(2)(b) of the Listing Regulations, the said terms and conditions are placed on the web-site of the Company at www.bemlindia.com.

(i) *Details of Remuneration paid to Functional Directors during the year 2015-16:*

| Name Shri | Salary | Benefits | PF Contri- bution | Perqui- sites | Pension | Total amount |
|------------------|----------|----------|-------------------------|------------------|---------|-----------------|
| P DWARAKANATH | 2451004 | 905917 | 294123 | 468177 | 0 | 4119221 |
| D K HOTA | 2198910 | 603270 | 248868 | 441006 | 15000 | 3507054 |
| P SWAMINATHAN | 2053728 | 662025 | 231447 | 396716 | 15000 | 3358916 |
| ANIRUDDH KUMAR | 2020013 | 353540 | 233652 | 309846 | 8750 | 2925801 |
| B R VISWANATHA* | 339696 | 316801 | 38264 | 33792 | 2500 | 731053 |
| R H MURALIDHARA* | 168858 | 479619 | 19013 | 2700 | 1250 | 671440 |
| C N DURGESH* | 1816853 | 622353 | 218023 | 380486 | 0 | 3037715 |
| P R NAIK* | 2004713 | 938640 | 240568 | 56543 | 0 | 3240464 |
| TOTAL | 13053775 | 4882165 | 1523958 | 2089266 | 42500 | 21591664 |

* Part of the year

(ii) *Government Nominee / Independent Directors compensation:*

- (a) Government Nominee Directors are not paid any remuneration including sitting fee for attending Board / Committee meetings. Further, none of the Government Nominee Directors had any pecuniary relationship or transactions with the Company during the year.
- (b) None of the Independent Directors had pecuniary relationship or transaction with the Company excepting receipt of sitting fee of ₹20,000 per meeting of the Board / Committee of the Board attended by them. Further, if there are more than one such meeting on the same day, a sitting fee @ ₹10,000 is paid for the second and subsequent meeting/s. Details of sitting fees paid to the Independent Directors during the year 2015-16 are given below:

| Name of the Director Shri | Sitting fee for the meeting(s) of | | Total ₹ |
|------------------------------|-----------------------------------|-----------------|------------------|
| | Board | Committees | |
| Sudhir Kumar Beri | 50,000 | 1,00,000 | 1,50,000 |
| M G Raghuvver | 50,000 | 1,90,000 | 2,40,000 |
| B P Rao | 30,000 | 90,000 | 1,20,000 |
| C Balakrishnan | 70,000 | 80,000 | 1,50,000 |
| Suhas Anand Bhat | 50,000 | 50,000 | 1,00,000 |
| N P Gupta | 1,10,000 | 1,60,000 | 2,70,000 |
| Total | 3,60,000 | 6,70,000 | 10,30,000 |

Neither there was payment of commission to the Board of 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 |
|---------|--|-------------------------|
| 2014-15 | API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052 | 15.09.2015 at 11.30 hrs |
| 2013-14 | API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore - 560052 | 18.09.2014 at 15.15 hrs |
| 2012-13 | API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore - 560052 | 13.09.2013 at 10.00 hrs |



At the 51st AGM held on 15.09.2015, a special resolution was passed thereby altering the Articles of Association (AoA) with the insertion of a new clause as Article 120(24) – General Authority necessitated by the enactment of the Companies Act, 2013. Further, at the 49th Annual General Meeting held on 13.09.2013, a special resolution was passed thereby altering the AoA by way of inserting Article No.'7(a) - Buy-back of Shares' in compliance with the directive of Department of Public Enterprises, Government of India. No special resolution was put through postal ballot during the year under review.

6. SUBSIDIARY COMPANIES

In terms of Regn. 16(c) of the Listing Regulations and Chapter 6 of the DPE Guidelines, none of the subsidiaries of the Company would be defined as 'Material Subsidiary'. Further, your Company has formulated a “Policy for Determining Material Subsidiaries” and the same is placed on the Company's web-site www.bemlindia.com, as required under Regn.46(2)(h) of the said Regulations.

However, in terms of Regn. 24 of the Listing Regulations, the Audit Committee periodically reviews the financial statements of the subsidiaries of the Company. Further, the minutes of the meetings of Board of subsidiary companies are also periodically placed before the Board of the Company along with significant transactions and arrangements entered between the subsidiaries and the Company.

7. ENTERPRISE RISK MANAGEMENT

Establishment of Risk Management System, as required under section 134(3)(n) of the Companies Act, 2013, regn. 17(9) of the Listing Regulations, and para 7.3 of DPE Guidelines, is under process. Your Company has engaged the services of M/s. PricewaterCoopers (PWC), to study and implement suitable system for the Company.

8. DISCLOSURES

In terms of Regn. 34(3) of the Listing Regulations and Chapter 7 of the DPE Guidelines, the following disclosures are made:

- a) Your Company has formulated a “Policy on Related Party Transactions” to regulate transactions entered into between the Company and its related parties. In terms of Regn. 46(2)(g) of the Listing Regulations, the said policy is placed on the web-site of the Company at www.bemlindia.com. During the year 2015-16, all related party transactions that were entered into with the related parties were fair, transparent and at arm's length basis and also in the ordinary course of business of the Company. The said related party transactions were duly considered and approved by the Audit Committee. Further, 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) of the Notes forming part of Accounts. It may be noted that no related party transaction was reported during the year involving the Directors, Key Managerial Personnel and other Designated Executives under Related Party Transactions Policy.
- b) The Company has prepared the financial statements, including consolidated financial statement based on the applicable Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.
- c) 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 during the last three years.
- d) The Company has not entered into any contract or arrangement in which the Directors are interested in terms of section 184(2) and 188 of the Companies Act, 2013.
- e) Senior management personnel have affirmed to the Board that their personal interest in all material financial and commercial transactions had no potential conflict with the

interest of the Company at large.

9. MEANS OF COMMUNICATION

- a) In terms of Regn.33 of the Listing Regulations, the Quarterly, Half-yearly and Annual financial results of the Company are submitted to NSE and BSE through on-line platform immediately after the same are approved by the Board. Further, the said results are simultaneously posted on the Company's website at www.bemlindia.com.
- b) In terms of Regn. 47 of the Listing Regulations, the financial results of the Company are published in English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in Kannada, being the regional language.
- c) BEML NEWS - a House Journal brought out periodically is sent to NSE and BSE and the same is posted on the Company's web-site at www.bemlindia.com.
- d) All material events and information including corporate announcements and press releases are promptly notified to NSE and BSE and the same are placed on the Company's web-site at www.bemlindia.com.
- e) Company's Website: The website of the Company, www.bemlindia.com gives comprehensive information including the details of business, management, vision, mission, research and development, sales and service network, human resources, corporate social responsibility and sustainability, purchases, vigilance, RTI, and other updates and news. The section on 'Investors' Information' informs the shareholders/ investors, by giving the investor grievance redressal system, Company's code and policies, financial results and annual reports, corporate governance, shareholding pattern including contact details of Share Transfer Agent and other material events or information relating to the Company.

10. GENERAL SHAREHOLDER INFORMATION

- (i) The 52nd Annual General Meeting for the year 2015-16 is scheduled on Thursday, the 15th September, 2016, at 11.30 hours at API Bhavana, No.16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052.
- (ii) Tentative calendar for declaration of results for 2016-17 is given as below:

| | |
|---|-------------------------|
| For the quarter ending 30.06.2016 | On or before 13.08.2016 |
| For the quarter ending 30.09.2016 | On or before 14.11.2016 |
| For the quarter ending 31.12.2016 | On or before 14.02.2017 |
| For the year ending 31.03.2017 | On or before 30.05.2017 |
| 53 rd Annual General Meeting | On or before 30.09.2017 |

- (iii) The Register of Members and Share Transfer Books shall remain closed from 09.09.2016 to 15.09.2016 (both days inclusive).
- (iv) Your Board of Directors has recommended dividend of ₹4 per share, i.e., 40% on the equity shares of ₹10 each (par value) for the year ended 31.03.2016. Dividend, if approved at the 52nd annual general meeting, will be distributed among the shareholders within the due date.
- (v) Company's equity shares are listed on the following stock exchanges :

The BSE Limited ('BSE')

National Stock Exchange of India Limited ('NSE')

Listing fees for the year 2015-16 were paid to BSE and NSE during April, 2015.

- (vi) Stock Code:

| | |
|-----|--------|
| BSE | 500048 |
| NSE | BEML |

- (vii) Custodial Fees to Depositories

Your Company has paid custodial fees for the



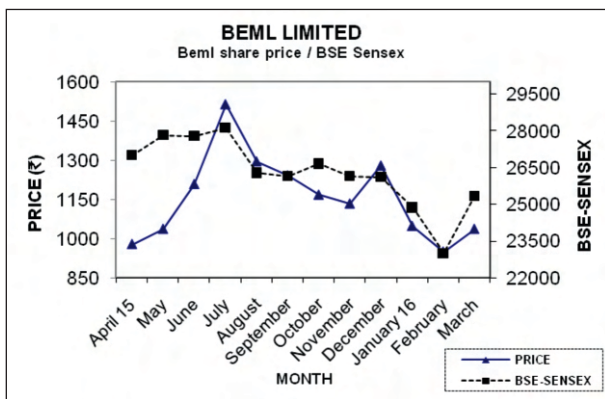
year 2015-16 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(viii) Market Price Data:

The details of monthly high and low market prices of the shares of the Company during the year on BSE and NSE are as under:

| Month | BSE (₹ per share) | | NSE (₹ per share) | |
|---------------|----------------------|------|----------------------|------|
| | High | Low | High | Low |
| April, 2015 | 1200 | 885 | 1200 | 887 |
| May | 1072 | 807 | 1078 | 806 |
| June | 1289 | 985 | 1288 | 985 |
| July | 1609 | 1213 | 1612 | 1212 |
| August | 1587 | 1064 | 1587 | 1060 |
| September | 1309 | 1127 | 1309 | 1128 |
| October | 1317 | 1160 | 1317 | 1160 |
| November | 1179 | 1025 | 1177 | 999 |
| December | 1312 | 1034 | 1313 | 1034 |
| January, 2016 | 1324 | 1038 | 1324 | 1037 |
| February | 1075 | 901 | 1072 | 900 |
| March | 1112 | 965 | 1112 | 965 |

(ix) Performance in comparison to broad-based BSE Index based on last trading day of each month is as under:



(x) Registrar and Share Transfer Agent:

M/s. Karvy Computershare Private Limited, a SEBI registered Category-I Registrar & Share Transfer Agent, is engaged as the Company's Share Transfer Agent (STA) of the Company. The contact details of the STA are as under:

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032.
Ph : 040 - 67161526, Fax: 040 - 23001153
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 depository 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 31.03.2016:

| Range of equity shares held | No. of Shareholders | % to total holders | No. of Shares | % to total equity |
|-----------------------------|---------------------|--------------------|-----------------|-------------------|
| 1-100 | 51904 | 88.87% | 1395198 | 3.35% |
| 101-200 | 3073 | 5.26% | 489761 | 1.18% |
| 201-500 | 2179 | 3.73% | 728648 | 1.75% |
| 501-1000 | 643 | 1.10% | 492507 | 1.18% |
| 1001-5000 | 410 | 0.70% | 903400 | 2.17% |
| 5001-10000 | 73 | 0.12% | 563645 | 1.35% |
| 10001 and above | 120 | 0.21% | 37071341 | 89.02% |
| Total | 58402 | 100.00% | 41644500 | 100.00% |

(xiii) Details of Shares held in Unclaimed Suspense Account:

Company made Follow-on Public Offer during 2007 and certain shares could not be delivered / credited to investors due to reasons such as incomplete / wrong / invalid demat

account details, incomplete address, etc. In terms of Regn. 39(4) of the Listing Regulations, these unclaimed shares are kept in a separate Suspense Account and the same 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 01.04.2015 | 18 | 255 |
| Number of shareholders who approached the Company for transfer of shares from 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 31.03.2016 | 18 | 255 |

(xiv) 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 on 31.03.2016, 99.52% 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 NSE and BSE 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.

(xv) There are no outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact thereon on equity shares.

(xvi) Listing of Debt Securities :

3000 Secured Redeemable Non-convertible Debentures of face value of ₹10 lakh each aggregating to ₹300 crores, as approved by the Board on 18.05.2012, allotted on private placement basis to M/s. Axis Bank Limited are listed on BSE Debt Segment with effect from 02.07.2012. Your Company is regularly servicing the interest charges to the security holders. The details of Debenture Trustee are as under:

M/s SBICAP Trustee Company Limited,
 Debenture Trustee,
 Khetan Bhavan, 5th Floor, 198, J.T. Road,
 Churchgate, Mumbai – 400 020

(xvii) Plant Locations:

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

(xviii) Address for correspondence with the Company:

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

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

Shareholders may note that Bank Account



details given by them to their 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.

(xx) 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 terms of the provisions of the Companies Act, 2013 and Listing Regulations, 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 e-mail. There are about 35,825 shareholders registered their e-mail IDs with the depository for communication purposes as on 31.03.2016, to whom the notice, annual reports, etc., may be sent 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 conservation mother earth with 'green cover'.

(xxi) 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 31.03.2009 were transferred to IEPF.

Pursuant to Section 205A(5) of the Companies Act, 1956, the unpaid dividends that are due for transfer to the IEPF are as follows:

| Dividend for the financial year | Date of Declaration | Unclaimed as on 31.03.2016 (₹ in lakhs) | Due for transfer on |
|---------------------------------|---------------------|--|---------------------|
| 2008-09 | 25.09.2009 | 11.65 | 30.10.2016 |
| 2009-10 | 13.08.2010 | 8.43 | 17.09.2017 |
| 2010-11 | 29.08.2011 | 7.14 | 04.10.2018 |
| 2011-12 | 14.09.2012 | 4.68 | 19.10.2019 |
| 2012-13 | 13.09.2013 | 2.47 | 18.10.2020 |
| 2013-14 | 18.09.2014 | 1.73 | 23.10.2021 |
| 2014-15 | 15.09.2015 | 1.49 | 20.10.2022 |
| Total | | 37.59 | |

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 IEPF.

11. COMPLIANCE WITH CORPORATE GOVERNANCE

(i) Your Company submitted quarterly compliance report on Corporate Governance as per prescribed format to the MoD, BSE and NSE within 15 days from the close of each calendar quarter.

(ii) Further, your Company submitted grading reports on the compliance with the Corporate Governance with MoD and DPE on annual basis. As per the self-grading report for the year 2015-16, your Company has scored 'Excellent' rating in adhering to the Corporate Governance standards by achieving about 94% of the compliances.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

To the Members of M/s. BEML Limited

I have examined all the relevant records of M/s. BEML Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and DPE Guidelines on Corporate Governance for CPSEs-2010 for the year ended 31st March, 2016. 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 the Listing Regulations and DPE Guidelines on Corporate Governance for CPSEs-2010 excepting composition of Board of Directors with regard to Independent Directors and Woman Director.

For Velichety & Co.,
Chartered Accountants

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

Bengaluru
May 19, 2016



MANAGEMENT DISCUSSION & ANALYSIS REPORT

(i) Industry structure and developments:

The Company is a Mini Ratna Category - I Public Sector Enterprise under the administrative control of Department of Defence Production, Ministry of Defence, operating in three distinct business verticals namely Mining & Construction, Defence and Rail & Metro.

Organization

The three major Business verticals viz., Mining & Construction, Defence and Rail & Metro are headed each by a Business Group Director. The Trading Division deals in non-Company products. The International Division exports products manufactured by all the three verticals. The Company's manpower strength stood at 8,827 as on 31.03.2016.

Production Units

The Company has four manufacturing complexes located at Bengaluru, Kolar Gold Fields (KGF), Mysuru and Palakkad and a subsidiary steel foundry functioning in Tarikere, Chikkamagaluru District.

Bengaluru Complex: Bengaluru Complex manufactures various types of Railway products such as Rail coaches, AC Electrical Multiple Units (AC EMU), Diesel Electric Multiple Unit (DEMU), Main Line Electric Multiple Unit (MEMU), Stainless Steel Electrical Multiple Units (SSEMU), Overhead Equipment Inspection Car (OHE Car) etc., for Indian Railways. The Company also manufactures state-of-the-art Stainless Steel Metro Cars and supplied to Delhi, Bengaluru and Jaipur Metro Rail Corporation. The Complex also manufactures Defence products such as Milrail Coaches, Ejector & Air Cleaner assemblies and Military Wagons.

KGF Complex: KGF Complex encompasses *Earth Moving Division, Hydraulics and Powerline Division, Rail Unit-II* and *Heavy Fabrication Unit*. Earth Moving Division produces a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders, Dozers, Pipe Layers,

Tyre Handlers, Hydraulic Cranes, Walking Dragline, Electric Rope Shovels, Engineering Mine Ploughs, Trawl for T-72 Hull and Armoured Recovery Vehicles. Hydraulic & Powerline Division produces Transmissions, Axles, Hydraulic aggregates and allied assemblies required for all the manufacturing units of BEML. Rail Unit-II manufactures Rail Coaches and structural items for Railway products.

Mysuru Complex: Mysuru Complex encompasses *Truck Division, Engine Division* and *Aerospace Manufacturing Division*. The *Truck Division* manufactures off-highway Rear Dump Trucks, Motor Graders and Water Sprinklers. The *Engine Division* manufactures a wide range of Diesel Engines powering BEML's product range. The *Aerospace Manufacturing Division* produces Ground Handling Equipment, Weapon Loaders and Aggregates for Missiles. The Dredging Equipment Manufacturing Division caters to the requirements of Dredging equipment.

Palakkad Complex: The Palakkad Complex manufactures products for Defence and Rail Business such as Heavy Duty High Mobility Vehicles, Bridge Systems, other ground support vehicles for guided missile projects, vehicles for radar mounting, Field Artillery Tractor etc., and aggregates of Rail Coaches and Metro Cars.

Subsidiary Units: (a) 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. (b) M/s. MAMC Industries Limited (MIL) was formed and incorporated by the Company as a wholly owned Company for the intended purpose of JV formation with M/s. Coal India Limited and M/s. Damodar Valley Corporation. 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 to proceed with the re-opening of MAMC factory at Durgapur.

Marketing: BEML's products are sold and serviced

through its large marketing network comprising 12 Regional Offices, 20 District Offices, and a Global Service HQ.

International Business: BEML exports its products through its International Division. The major markets are Middle East countries, African countries and South East Asian countries.

Developments & Performance during 2015-16:

As per the advance estimates of Central Statistical Organization, the Indian economy has posted 7.6% growth in GDP in 2015-16. The ICRA report of February 2016 mentions "The global markets have turned deeply negative with demand for construction equipment estimated to have declined 14%-15% and that for mining equipment by over 30% during 2015. Almost all global mining majors have reduced their capital expenditure plans sharply since 2014 and capital expenditure was expected to hit a 10-year low in 2016".

The Company has achieved all time high Sales (net of consortium) ₹3287.44 crores. On Gross scale, the Company has achieved sales of ₹3426.02 crores as against ₹3129.65 crores during previous year with a growth of 9.47%. In Mining & Construction sector despite a negative growth in capital goods industry and slow down in global market, as indicated above, the Company maintained its market share and achieved gross sales of ₹1807.58 crores which is slightly higher compared to previous year gross sales of ₹1803.02 crores. The Rail & Metro vertical achieved gross sales of ₹1250.35 crores, with a growth of 7.55 % over previous year gross sales of ₹1162.60 crores. The Defence business is back on the track and achieved a gross sales of ₹368.09 crores which is more than double compared to previous year gross sales of ₹164.04 crores. The Company made a Profit Before Tax of ₹64.27 crores as against ₹6.91 crores during 2014-15.

The Company achieved important landmarks during the year as mentioned here under:

Mining & Construction

- Company designed, developed and rolled out

Compact Loader cum Excavator BL120H for deployment in construction sector.

- Designed, developed and rolled out 117HP Dozer BD50 with Hydrostatic Transmission.
- Company bagged dual Awards for its Equipment under the categories of "Best Seller-Rigid Dump Trucks" and "Best Seller-Crawler Dozers" in the 3rd EQUIPMENT INDIA AWARDS-2016.
- Company bagged "Silver Shield for Star Performer - Large Enterprise (Machinery for Mining, Quarrying and Construction & Parts thereof)" awarded by Engineering Export Promotion Council.
- Company supplied the biggest Made-in-India Electrical Excavator BE1800E to the Market. With the thrust for 'Make in India,' this indigenously developed pollution-free Excavator will help to increase productivity in Mining Operations both in domestic and global markets.
- Company opened its District Office at Leh for extending after sales support to its Mining & Construction equipment deployed through DGBR and E-In-C.

Defence

- Company Designed and Developed SMERCH 8x8 & 10x10 High Mobility Vehicle with additional steerable rear wheel.
- Company bagged order for manufacturing and supplying of T-72 Trawl Hull.
- Company bagged order for manufacturing and supplying of Surface Mines Clearing System.
- Company got Bulk Production Clearance for manufacturing and supplying aggregates for section IV & V of Akash Missile to M/s. Bharat Dynamics Limited.



- Company completed designing part of Arjun Repair & Recovery Vehicle (ARRV) in association with CVRDE and Army. The ARRV is under manufacturing and will be completed during 2016-17.

Rail & Metro

- Company bagged a new order for manufacture and supply of 96 Cars for RS-13 Project of Delhi Metro Rail Corporation Limited (DMRCL).
- Company bagged order for manufacture and supply of 84 Cars for Kolkata East-West Metro Line Project of Kolkata Metro Rail Corporation Limited (KMRCL).

General

- Company received the prestigious “Raksha Mantri's Award for Excellence” under the Institutional Award category for Best Performance in Exports during 2012-13.
- Company continued 'Swachh Bharat' campaign at its Units and Offices all over the Country. On 2nd October 2015, coinciding with Gandhi Jayanthi, 'Swachhta Bharat Shapath' was administered and planting saplings in and around the Company premises to promote 'Swachh Andolan' were conducted.
- Company's Corporate office has been bestowed with “Rajbhasha award” by Town Official Language Implementation Committee for its commendable performance in implementation of Hindi during the year 2014-15.

Products developed during the year 2015-16:

Mining & Construction:

- Designed, Developed and Rolled out Compact Loader cum Excavator BL120H for construction sector.
- Designed, Developed and Rolled out 117HP

Dozer BD50 with Hydrostatic Transmission.

Defence:

- Company Designed and Developed SMERCH 8x8 & 10x10 High Mobility Vehicle with additional steerable rear wheel.

Rail & Metro:

- Designed, Developed and Supplied Catenary Maintenance Vehicle for Navi Mumbai Metro Corporation.

(ii) Strength and Weakness:

(a) Strength

- Established manufacturing infrastructure, knowledge base, dedicated and skilled manpower.
- All manufacturing units accredited with ISO 9001-2000 certification.
- Established R&D base with technology absorption and design capability.
- Technology self-reliance for existing product range as well as for production / processes.
- Development of High End Electric Drive Dump Trucks and Excavator.
- First Indian Company which has acquired state-of-the-art Metro Car manufacturing capability in the country.
- Dedicated Test Facilities and Test Tracks for Tracked and Wheeled Vehicles.
- Wide range of products to cater to customer needs.
- Well spread out Marketing network of Sales, Service and Spare parts distribution.
- Spare parts Depots and Service Centers located close to the mines.
- Established presence and brand image.

- Works on outsourcing model with strong and vibrant vendor base.
- Good industrial relations – enjoys conducive atmosphere for working.

(b) Weakness

- High wage cost - flat sales leading to higher overheads.
- Technology levels of certain products do not measure up to international levels and trends.
- No assured business from Defence unlike other DPSUs.
- No orders for Rail Coaches for the last 2 years which was affecting Bottom Line.
- Margins are low due to dictates of market / current environment.

(iii) Opportunities and Threats:

(a) Opportunities

Mining & Construction:

- Coal India envisaged to increase production of coal from 0.5 billion ton to 1 billion ton in the next five years.
- Underground Mining is also expected to catch up and improve.
- Operationalization of additional coal blocks would increase business opportunities.
- Increased thrust by Government in infrastructure development.
- Dredger equipment Business / Business from spares for existing dredgers.

Rail & Metro:

- Metro Rail extending to Tier-II cities in the Country.
- Light Rail Metro is also catching up as a

revenue line which is expected to emerge from tier-II & tier-III cities.

- Indian Railways is graduating to Medium Speed LHB Coaches & Sub-urban Railways graduating to SS EMUs.

Defence:

- 'Make in India' policy of Government is a boon to Indian industry and focus is on for indigenous production.
- Emerging business for defence requirements.

New Areas:

- The demand for Electric Drive Dump Trucks and Excavator.
- OFB engagement for manufacture and supply of fighting vehicles.
- BDL engagement for supply of Akash Missile.
- Emerging business opportunity for Light Rail Metro which is also a feeder line for the main Metro in the tier-I cities is expected to emerge from tier-II & tier-III cities.

(b) Threats

- Domestic and global economic scenario yet to pick-up.
- Post liberalization, technology leaders operating directly than parting technology to Indian counterparts.
- Mergers & Acquisitions in mining and construction equipment industry.
- Project delay, especially in Mining sector due to delay in resolving environmental and social issues.
- Demand for higher capacity M&C equipment, in line with the global market trend.
- High expectations of contract segment.



- Increasing pressure on reducing ownership costs.
- Improved technology for operational cost to stay ahead in business.
- Uncertainty in Defence business.
- Increased FDI caps in Defence sector.
- Opening up of Defence purchases to private sector increasing further competition.
- Dumping of products.

(iv) Segment-wise or Product-wise performance:

(₹ in Crs.)

| Sl.No. | Segments | Income from operations | %age |
|--------|--------------------------------|------------------------|---------------|
| 1 | Mining & Construction Business | 1615.32 | 54.14 |
| 2 | Defence Business | 329.60 | 11.05 |
| 3 | Rail & Metro Business | 1038.80 | 34.81 |
| | Total | 2983.72 | 100.00 |

(v) Outlook:

The ICRA report of February 2016 mentions:

"Demand for mining equipment has witnessed limited support in the past six-eight months, given the mounting coal stockpile in the country against the backdrop of subdued power demand/poor transmission capability and a weak outlook for steel, which impacts iron ore mining. Considering the global outlook for steel prices, revival in such projects in the near term is unlikely. ICRA expects resolution of problems hindering several mines in the country to eventually support a recovery for the industry in 2017.

Demand growth during 2016 is expected to firm up, driven by increased road activity, execution of railway projects (awarded in the current fiscal) and work on the dedicated freight corridors. The Union Budget of 2016-17 would provide additional insights

into the budgetary allocations for future infrastructure activity. Demand in 2017 will improve as work in other segments such as ports, airports, among others, join the infrastructure fray."

This augurs well for the Company especially to the Mining & Construction group as it derives demand for construction equipment. BEML expects orders for its Mining and Construction equipments with more projects being cleared. Further improvement in the global economy will boost export performance.

This year, i.e. 2016-17, the Army has been allocated funds, about 2 times as compared to 2015-16, for acquisition of Heavy and Medium Vehicles. BEML is making all efforts to pick up business in the areas related to its product portfolio. Further, engagement for Ordnance Factory Board is also being pursued for manufacturing of aggregates for Fighting Vehicle. The Company is also working with other DPSUs for supply of Launching Vehicles and aggregates for various Missile Programmes.

Indian Railways, Coach manufacturing is graduating to Medium / High speed Coaches / LHB Coaches. Sub-urban trains are expected to graduate to Stainless Steel EMUs. Maintenance equipment requirements are increasing for Overhead Inspection Cars, Track Laying, Rail Grinding & Track Cleaning Machines.

In this scenario, the Company will focus on emerging new business opportunities and also develop new products / aggregates to align with the market requirements. The Company has plans to grow in each of its vertical by expanding the business by adding products and new territories. BEML is committed to enhance customer satisfaction by providing quality products and services to its customers. Further, BEML would pursue business generation through new allied products like Medium/High Speed Coaches/LHB Coaches, Intermediate Metro cars, Overhauling of recovery vehicles, Surface Mine Clearing System, Mine Ploughs, Transmission & Engines for T-72 Tanks, Underground Mining Equipments and Dredging Equipment, etc., to add business.

(vi) Challenges, Risks and Concerns:

The major challenges to the Company are:

- Bridging the technology gap and meeting the emerging demand for higher capacity equipment in line with global market trend.
- Maintaining cost competitiveness.
- Sustaining the market share in view of entry of MNCs.
- Reviving the supply of rail coaches.
- Meeting the challenges in defence business due to its opening up to private sector.

(vii) 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.

(viii) Discussion on financial performance with respect to operational performance:

(₹ in Crs.)

| Particulars | 2015-16 | 2014-15 |
|---|---------|---------|
| a. Gross Revenue | 3426.02 | 3129.65 |
| b. Revenue from Operations | 2983.72 | 2809.19 |
| c. Value of Production (excl. Consortium & ED) | 2740.01 | 2599.93 |
| d. Profit before Tax | 64.27 | 6.91 |
| e. Profit after Tax | 52.65 | 6.76 |
| f. Net Worth | 2109.36 | 2076.76 |
| g. Inventory | 1696.32 | 1921.20 |
| h. Trade Receivables (Net) | 1241.31 | 1242.07 |
| Total Inventory in no. of days of VoP (g/c) | 226 | 270 |
| Trade Receivables / Revenue from Operations in days (h/b) | 152 | 161 |
| Profit before Tax to Revenue from Operations (d/b) (%) | 2.15 | 0.25 |
| Profit after Tax to Networth (e/f) (%) | 2.50 | 0.33 |

Your Company achieved gross revenue of ₹3426.02 crores including the value of consortium supplies against ₹3129.65 crores in the previous year. The revenue from operations (net of consortium supplies and excise duty) stood at ₹2983.72 crores as against ₹2809.19 crores in the previous year, registering a growth of 6.21%. The Value of Production (net of consortium supplies and excise duty) is ₹2740.01 crores as against ₹2599.93 crores in the previous year. The Profit before Tax was ₹64.27 crores as against Profit before Tax of ₹6.91 crores recorded in the previous financial year. Defence Business segment achieved a Net Sales of ₹329.60 crores in FY 2015-16 as against ₹160.86 crores in FY 2014-15, registering a growth of about 105%. Despite non-receipt of orders relating to GS/GSCN Rail Coaches, Rail & Metro segment registered a Net Sales of ₹1038.80 crores in FY 2015-16 as against ₹993.16 crores in FY 2014-15, thereby registered a growth of 4.60%. Despite sluggish market conditions, Mining & Construction segment achieved a Net Sales of ₹1615.32 crores in FY 2015-16 as against ₹1655.17 crores in FY 2014-15, thereby resulted in negative growth of 2.41%.



(ix) 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 installation of 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 31.03.2016 stood at 8,827. During the year, 23,156 man-days of training were imparted to sharpen their skills and update their knowledge of employees.

(x) Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange conservation:

Relevant information in this regard is disclosed in the Board's Report.

(xi) Corporate Social Responsibility and Sustainability (CSR):

The details of CSR activities undertaken by the Company during the year are furnished in the Board's Report.

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.*

For and on behalf
of the Board of Directors

Sd/-

Bengaluru
27.05.2016

P Dwarakanath
Chairman & Managing Director

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY ACTIVITIES

[Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

- (a) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The CSR Policy is formulated 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. To pursue this vision, the Company has set the objectives as under:

- To ensure an increased commitment at all levels in the organization, operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly or indirectly take up programs that benefit the communities in and around its Units / Zonal offices / Regional / District offices / Work Centres and results, over a period of time, in enhancing the quality of life and economic well-being of the local population.
- To generate through its CSR initiatives, a community goodwill for BEML and help reinforce a positive and socially responsible image of BEML as a corporate entity.

Further, the CSR Policy and details of the projects / programmes may be accessed on Company's web-site at www.bemlindia.com.

- (b) The Composition of the CSR Committee:

| S.No. | Name of the Director | Category |
|-------------------|-------------------------|---------------------------|
| <i>Chairman :</i> | | |
| 1 | Shri Sudhir Kumar Beri* | Independent Director |
| 2 | Shri N P Gupta* | Independent Director |
| <i>Members :</i> | | |
| 3 | Shri D K Hota | Director (HR) |
| 4 | Shri Aniruddh Kumar | Director (Rail and Metro) |

* Part of the year

- (c) Average net profit of the company for last three financial years:

The Average net profit of the Company for the last three financial years is nil since there was loss during 2012-13. Accordingly, no amount was required to be spent during the year under review as per the provisions of the Companies Act, 2013. However in continuing with the endeavour towards being a socially responsible business entity, the Company has incurred a sum of ₹459.67 Lakhs towards CSR Activities.

- (d) Prescribed CSR Expenditure : Nil

- (e) Details of CSR spent during the financial year

(i) Total amount to be spent for the financial year : Not Applicable

(ii) Amount unspent, if any : Not Applicable

(iii) Manner in which the amount spent during the financial year is as per *Annexure*.

- (f) In case the Company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Not Applicable

- (g) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company :

It is hereby stated that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Sd/-
Chairman & Managing Director

Sd/-
Chairman CSR Committee



Annexure
(₹ in Lakhs)

DETAILS OF THE CSR PROJECTS FOR THE YEAR 2015-16
[Format prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

| Sl.No. | CSR project or activity identified | Projects or programs | | Amount outlay (budget) project or programs in Lakhs | Amount spent on projects or programmes | | Cumulative Expenditure up to the reporting period | Amount Spent : Direct or through implementing agency |
|--------|---|------------------------------|--|---|--|---------------|---|---|
| | | (1) Local Area or other area | (2) Specify the State and District where projects or programs was undertaken | | (1) Direct Expenditure on the Projects or Programs | (2) Overheads | | |
| | | 3 | 4 | 5 | 6 | 7 | 8 | |
| 1 | Construction of 5 Nos. new Toilets under Swachh Vidyalaya Campaign near KGF (MoU Project) | Local Areas | Kolar District, Karnataka | 8.00 | 8.29 | 0.00 | 8.29 | Direct, through Contractor M/s Babu Constructions, KGF |
| 2 | Construction of 1 No. Bio-gas Unit for utilisation of organic waste, at KGF Complex. | Local Areas | Kolar District, Karnataka | 15.00 | 13.50 | 0.00 | 13.50 | Direct, through Service provider M/s Synod Bio-Science, Bangalore |
| 3 | Carbon Mitigation (5 MW Windmill Project at Gadag) | Other Areas | Gadag District, Karnataka | 70.00 | 63.63 | 0.00 | 63.63 | Direct, spent towards O & M of the Project. P.O. placed on M/s Suzlon Energy Limited, Bangalore |
| 4 | Providing Education to the Local Population at KGF | Local Areas | Kolar District, Karnataka | 350.00 | 292.60 | 0.00 | 292.60 | Direct |
| 5 | Mobile Medical Camp & Medical Facility at KGF for BGMIL & Dasarahosahalli | Local Areas | Kolar District, Karnataka | 1.05 | 1.20 | 0.00 | 1.20 | Direct |
| 6 | Joint Tree Plantation program in association with Karnataka / Kerala Forest department | Local Areas | Bengaluru, Mysuru & Kolar District Karnataka, Palakkad District, Kerala | 5.00 | 2.69 | 0.00 | 2.69 | Direct |
| 7 | Family Planning Camp | Local Areas | Kolar District, Karnataka | 2.50 | 1.90 | 0.00 | 1.90 | Direct |
| 8 | Desilting of Bethamangala Lake & Ramasagar Lake | Local Areas | Kolar District, Karnataka | 1.00 | 7.58 | 0.00 | 7.58 | Direct |
| 9 | Levelling of School Ground at Acharya Vidya Kula School, Mysore | Local Areas | Mysore District, Karnataka | 2.00 | 0.67 | 0.00 | 0.67 | Direct |
| 10 | Adoption of Ajiapalli Village near KGF for overall sustained development, for a period of one year. | Local Areas | Kolar District, Karnataka | 33.52 | 25.19 | 0.00 | 25.19 | Direct |
| 11 | Support to Swachh Vidyalaya Campaign at Hongsandra | Local Areas | Bengaluru District, Karnataka | 0.60 | 0.60 | 0.00 | 0.60 | Direct |
| 12 | Support to Akshaya Patra Foundation- Sponsor of 1 No. Food Transporting Vehicle | Local Areas | Bengaluru District, Karnataka | 15.97 | 15.97 | 0.00 | 15.97 | Akshaya Patra Foundation, Bangalore |
| 13 | Support to Armed Forces Flag Day Fund | Other Areas | New Delhi | 0.20 | 0.20 | 0.00 | 0.20 | Kendriya Samik Board, Ministry of Defence, New Delhi |
| 14 | Support to Sankara Eye Foundation-Sponsor of 1 No. Advanced Bernal's Kit, used for vision therapy. | Local Areas | Bengaluru District, Karnataka | 5.00 | 5.00 | 0.00 | 5.00 | Sankara Eye Foundation, Bengaluru |
| 15 | Provided school bus to the children of Army Jawans at New Delhi | Other Areas | New Delhi | 20.65 | 20.65 | 0.00 | 20.65 | Direct |
| 16 | Other CSR Expenditure | Local Areas | -- | 9.51 | 0.00 | 0.00 | 0.00 | Remaining buffer for variation in cost or projects undertaken |
| | GRAND TOTAL | | | 540.00 | 459.67 | 0.00 | 459.67 | |

For and on behalf of the Board of Directors
Sd/-

P Dwarakanath
Chairman & Managing Director

For the Financial Year ended 31st March 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members of BEML Limited

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BEML Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
 2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
 3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2016 according to the provisions of:
 - (a) The Companies Act, 2013 (the Act) and the Rules made there under;
 - (b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - (c) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (d) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 4. We have also examined compliance with the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited. We have also examined compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (e) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 1956/2013 and dealing with client;
- (f) The Electricity Act, 2003 and the Rules made there under.
- (g) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India - as relates to composition and appointment of Directors.



5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above, subject to the qualification mentioned in paragraph 7 below.
6. Subject to the qualification mentioned in paragraph 7, we further report as below:
- 6.1 that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- 6.2 that, -
- (a) the Company has properly constituted the requisite Committees of Directors;
- (b) proper advance notices for Board and Committee meetings were issued to Directors during the year; such notices accompanied detailed notes on agenda items and draft minutes of respective meetings; the Company adopts a system to enable Directors to seek and obtain required information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (c) the Company followed proper Board processes in convening and conduct of Meetings of Members and Directors; the Company has maintained proper Books to record Proceedings of General Meetings of Members, Minutes of Meetings of Board and Committee of Directors; resolutions passed by e-voting are recorded in the Minutes Book of General Meetings.
- 6.3 that there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law, environmental laws;
- 6.4 that, the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- 6.5 that during the audit period, there were no instances of:
- (i) Public, Rights, Preferential Issue of Shares or Debentures or Sweat Equity;
- (ii) redemption, buy-back of securities;
- (iii) major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;
- (iv) merger, amalgamation, reconstruction etc.;
- (v) foreign technical collaborations.
7. Qualification Paragraph:
- 7.1 During the year, the Strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.
- 7.2 The Company did not have on its Board a Woman Director with effect from 1st October 2015.
- 7.3 The Company did not hold meeting of the Audit Committee during the 3rd quarter ended 31st December 2015 as there were no Independent Directors on the Board.

for VN & Associates
Company Secretaries

Sd/-
S Viswanathan
ACS 5284; CP5284
Partner

Sd/-
K N Nagesha Rao
FCS 3000 CP 12861
Partner

Bengaluru
25th May, 2016

Company's reply to the observations of the Secretarial Auditors:

| <i>S.No.</i> | <i>Observations</i> | <i>Company's Reply</i> |
|--------------|---|--|
| 7.1 | <i>During the year, the strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.</i> | In terms of Aricles of Association, the Directors are appointed by the President of India from time to time. Accordingly, the appointment for vacant positions for Independent Directors / Woman Director are under process. |
| 7.2 | <i>The Company did not have on its Board a Woman Director with effect from 1st October 2015.</i> | |
| 7.3 | <i>The Company did not hold the meeting of Audit Committee during the third quarter ended 31st December 2015 as there were no Independent Directors on the Board.</i> | Since there were no Independent Directors on the Board, the meeting of Audit Committee was not convened for want of quorum which required minium 2 Independent Directors. |

For and on behalf
of the Board of Directors

Sd/-

P Dwarakanath
Chairman & Managing Director

Bengaluru
27.05.2016



Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L35202KA1964GOI001530
- ii) Registration Date : 11.05.1964
- iii) Name of the Company : BEML Limited
- iv) Category/Sub-Category of the Company : Company Limited by Shares / Union Government Company
- v) Address of the Registered office and contact details : 'BEML Soudha', 23/1, 4th Main, S R Nagar, Bengaluru - 560 027. Ph.: 080-22963142/211
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent : Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District, Nanakramguda,
Hyderabad - 500 032. Ph.: 040-67162222

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Bulldozer | 28243 | 54.14 |
| 2. | Excavator | 28243 | |
| 3. | Motor Grader | 28243 | |
| 4. | Wheel Loader | 28243 | |
| 5. | Dump Trucks | 28243 | 34.81 |
| 6. | Railway Coaches | 30203 | |
| 7. | Rail Wagons | 30203 | |
| 8. | Metro Cars | 30203 | |
| 9. | Defence equipments | 30400 | |
| | | | 11.05 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ subsidiary/ associate | % of shares held | Applicable Section |
|---------|---|------------------------|--------------------------------|------------------|--------------------|
| 1 | M/s. Vignyan Industries Ltd., Haliyur, B.H.Road, Tarikere Post, Chikkamagaluru Dist, Karnataka Pin 577228 | U51101KA1963 PLC001510 | Subsidiary Company | 96.56% | 2(87) |
| 2 | M/s. MAMC Industries Ltd., No.35/1A, Taratola Road, Kolkata, West Bengal-700088 | U29253WB201 0G01152567 | Subsidiary Company | 100.00% | 2(87) |
| 3 | M/s. BEML Brazial Industrial Ltda., Av Princesa Isabel, #629, 12th floor, Room 1201, Centro, CEP 29010361 | NA | Subsidiary Company | 99.98% | 2(87) |
| 4 | M/s. BEML Midwest Ltd., 8-2-684/3-55, Banjara Green Colony, Road No 12, Banjara Hills, Hyderabad, Andhra Pradesh Pin 500034 | U13204AP2007 PLC053653 | Associate Company | 45.00% | 2(6) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| CATEGORY CODE | CATEGORY OF SHAREHOLDER | NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2015 | | | | NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016 | | | | % CHANE DURING THE YEAR |
|---------------|--|--|----------|-----------------|-------------------|--|----------|-----------------|-------------------|-------------------------|
| | | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | (X) | (XI) |
| (A) | PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| (1) | INDIAN | | | | | | | | | |
| (a) | Individual /HUF | | | | | | | | | |
| (b) | Central Government/State Government(s) | 22500000 | 0 | 22500000 | 54.03 | 22500000 | 0 | 22500000 | 54.03 | 0.00 |
| (c) | Bodies Corporate | | | | | | | | | |
| (d) | Financial Institutions / Banks | | | | | | | | | |
| (e) | Others | | | | | | | | | |
| | Sub-Total A(1) : | 22500000 | 0 | 22500000 | 54.03 | 22500000 | 0 | 22500000 | 54.03 | 0.00 |
| (2) | FOREIGN | | | | | | | | | |
| (a) | Individuals (NRIs/Foreign Individuals) | | | | | | | | | |
| (b) | Bodies Corporate | | | | | | | | | |
| (c) | Institutions | | | | | | | | | |
| (d) | Qualified Foreign Investor | | | | | | | | | |
| (e) | Others | | | | | | | | | |
| | Sub-Total A(2) : | - | - | - | - | - | - | - | - | - |
| | Total A=A(1)+A(2) | 22500000 | 0 | 22500000 | 54.03 | 22500000 | 0 | 22500000 | 54.03 | 0.00 |
| (B) | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | INSTITUTIONS | | | | | | | | | |
| (a) | Mutual Funds /UTI | 4424978 | 3300 | 4428278 | 10.63 | 5192159 | 3300 | 5195459 | 12.48 | 1.85 |
| (b) | Financial Institutions / Banks | 3933107 | 0 | 3933107 | 9.44 | 2231747 | 0 | 2231747 | 5.36 | -4.08 |
| (c) | Central Government / State Government(s) | | | | | | | | | |
| (d) | Venture Capital Funds | | | | | | | | | |



| CATEGORY CODE | CATEGORY OF SHAREHOLDER | NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2015 | | | | NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016 | | | | % CHANE DURING THE YEAR |
|---------------|---|--|---------------|-----------------|-------------------|--|---------------|-----------------|-------------------|-------------------------|
| | | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | |
| (e) | Insurance Companies | | | | | | | | | |
| (f) | Foreign Institutional Investors | 2807061 | 1700 | 2808761 | 6.74 | 2259499 | 1700 | 2261199 | 5.43 | -1.31 |
| (g) | Foreign Venture Capital Investors | | | | | | | | | |
| (h) | Qualified Foreign Investor | | | | | | | | | |
| (i) | Others | | | | | | | | | |
| | Sub-Total B(1) : | 11165146 | 5000 | 11170146 | 26.82 | 9683405 | 5000 | 9688405 | 23.27 | -3.55 |
| (2) | NON-INSTITUTIONS | | | | | | | | | |
| (a) | Bodies Corporate | 3109796 | 4150 | 3113946 | 7.48 | 4790551 | 4150 | 4794701 | 11.51 | 4.03 |
| (b) | Individuals | | | | | | | | | |
| | (i) Individuals holding nominal share capital upto `1 lakh | 3800161 | 130809 | 3930970 | 9.44 | 3621073 | 128279 | 3749352 | 9.00 | -0.44 |
| | (ii) Individuals holding nominal share capital in excess of `1 lakh | 402990 | | 402990 | 0.97 | 358938 | | 358938 | 0.86 | -0.11 |
| (c) | Others | | | | | | | | | |
| | CLEARING MEMBERS | 167290 | | 167290 | 0.40 | 172075 | | 172075 | 0.41 | 0.01 |
| | NON RESIDENT INDIANS | 290625 | 63500 | 354125 | 0.85 | 278267 | 62200 | 340467 | 0.82 | -0.03 |
| | TRUSTS | 5033 | | 5033 | 0.01 | 7738 | | 7738 | 0.02 | 0.01 |
| | NBFC | 0 | | 0 | | 32824 | | 32824 | 0.08 | 0.08 |
| (d) | Qualified Foreign Investor | | | | | | | | | |
| | Sub-Total B(2) : | 7775895 | 198459 | 7974354 | 19.15 | 9261466 | 194629 | 9456095 | 22.70 | 3.55 |
| | Total B=B(1)+B(2) : | 18941041 | 203459 | 19144500 | 45.97 | 18944871 | 199629 | 19144500 | 45.97 | 0.00 |
| | Total (A+B) : | 41441041 | 203459 | 41644500 | 100.00 | 41444871 | 199629 | 41644500 | 100.00 | 0.00 |
| (C) | Shares held by custodians, against which | | | | | | | | | |
| (1) | Depository Receipts have been issued Promoter and Promoter Group | | | | | | | | | |
| (2) | Public | | | | | | | | | |
| | GRAND TOTAL (A+B+C) : | 41441041 | 203459 | 41644500 | 100.00 | 41444871 | 199629 | 41644500 | 100.00 | |

(ii) Shareholding of Promoters

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|--------|-----------------------|---|----------------------------------|---|--------------------------------------|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | President of India | 22499900 | 54.03 | NIL | 22500000 | 54.03 | -- | -- |
| 2 | Subash Chandra Pandey | 100 | 0.00 | NIL | 0 | 0.00 | -- | -- |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| | Shareholding at the beginning of the year | | | | Cumulative Shareholding during the year | | | |
|--|---|------------|----------------------------------|------------|---|------------|----------------------------------|------------|
| | No. of shares | | % of total shares of the company | | No. of shares | | % of total shares of the Company | |
| | President of India | S C Pandey | President of India | S C Pandey | President of India | S C Pandey | President of India | S C Pandey |
| At the beginning of the year | 22499900 | 100 | 54.03% | 0 | 22500000 | 0 | 54.03% | 0 |
| Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 100 Shares held in the name of Shri S C Pandey, were consolidated with the shares held by President of India on 05.06.2015. | | | | | | | |
| At the End of the year | 22499900 | 100 | 54.03% | 0 | 22500000 | 0 | 54.03% | 0 |

(iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|------------|----------------------------|---|----------------------------------|------------|-------------------------------------|----------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | | | | No of Shares | % of total shares of the Company |
| 1 | SBI LIFE INSURANCE CO. LTD | 157466 | 0.38 | 31-03-2015 | | | 157466 | 0.38 |
| | | | | 10-04-2015 | 29110 | Purchase | 186576 | 0.45 |
| | | | | 17-04-2015 | 28182 | Purchase | 214758 | 0.52 |
| | | | | 24-04-2015 | 5026 | Purchase | 219784 | 0.53 |
| | | | | 01-05-2015 | 10507 | Purchase | 230291 | 0.55 |
| | | | | 08-05-2015 | 6917 | Purchase | 237208 | 0.57 |
| | | | | 15-05-2015 | 42872 | Purchase | 280080 | 0.67 |
| | | | | 22-05-2015 | 62184 | Purchase | 342264 | 0.82 |
| | | | | 29-05-2015 | -5949 | Sale | 336315 | 0.81 |
| | | | | 05-06-2015 | 50000 | Purchase | 386315 | 0.93 |
| | | | | 12-06-2015 | 155900 | Purchase | 542215 | 1.30 |
| | | | | 19-06-2015 | 22800 | Purchase | 565015 | 1.36 |
| | | | | 30-06-2015 | 80000 | Purchase | 645015 | 1.55 |
| | | | | 03-07-2015 | 32000 | Purchase | 677015 | 1.63 |
| | | | | 10-07-2015 | -27000 | Sale | 650015 | 1.56 |
| | | | | 17-07-2015 | 55000 | Purchase | 705015 | 1.69 |
| | | | | 24-07-2015 | 41650 | Purchase | 746665 | 1.79 |
| | | | | 31-07-2015 | 2821 | Purchase | 749486 | 1.80 |
| | | | | 07-08-2015 | -10000 | Sale | 739486 | 1.78 |
| | | | | 14-08-2015 | 61947 | Purchase | 801433 | 1.92 |
| | | | | 28-08-2015 | 20977 | Purchase | 822410 | 1.97 |
| | | | | 04-09-2015 | -877 | Sale | 821533 | 1.97 |
| | | | | 11-09-2015 | -9577 | Sale | 811976 | 1.95 |
| 18-09-2015 | -20350 | Sale | 791626 | 1.90 | | | | |
| 25-09-2015 | 15000 | Purchase | 806626 | 1.94 | | | | |
| 30-09-2015 | 25000 | Purchase | 831626 | 2.00 | | | | |
| 09-10-2015 | 12988 | Purchase | 844614 | 2.03 | | | | |
| 23-10-2015 | 15000 | Purchase | 859614 | 2.06 | | | | |
| 30-10-2015 | 30400 | Purchase | 890014 | 2.14 | | | | |
| 06-11-2015 | 74567 | Purchase | 964581 | 2.32 | | | | |
| 13-11-2015 | 52500 | Purchase | 1017081 | 2.44 | | | | |



| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|---------|--|---|----------------------------------|-------------|-------------------------------------|----------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | | | | No of Shares | % of total shares of the Company |
| | | | | 20-11-2015 | 32100 | Purchase | 1049181 | 2.52 |
| | | | | 27-11-2015 | 33000 | Purchase | 1082181 | 2.60 |
| | | | | 04-12-2015 | 30000 | Purchase | 1112181 | 2.67 |
| | | | | 11-12-2015 | 97 | Purchase | 1112278 | 2.67 |
| | | | | 18-12-2015 | 2500 | Purchase | 1114778 | 2.68 |
| | | | | 31-12-2015 | 65944 | Purchase | 1180722 | 2.84 |
| | | | | 08-01-2016 | 35000 | Purchase | 1215722 | 2.92 |
| | | | | 15-01-2016 | -25000 | Sale | 1190722 | 2.86 |
| | | | | 22-01-2016 | 20177 | Purchase | 1210899 | 2.91 |
| | | | | 29-01-2016 | -4000 | Sale | 1206899 | 2.90 |
| | | | | 12-02-2016 | 62042 | Purchase | 1268941 | 3.05 |
| | | | | 19-02-2016 | 101850 | Purchase | 1370791 | 3.29 |
| | | | | 04-03-2016 | 38202 | Purchase | 1408993 | 3.38 |
| | | | | 18-03-2016 | 10000 | Purchase | 1418993 | 3.41 |
| | | | | 25-03-2016 | 22000 | Purchase | 1440993 | 3.46 |
| | | | | 31-03-2016 | -11800 | Sale | 1429193 | 3.43 |
| | | | 1429193 | 3.43 | | | | |
| 2 | RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIA | 1255430 | 3.78 | 31-03-2015 | | | 1255430 | 3.01 |
| | | | | 10-04-2015 | -24000 | Sale | 1231430 | 2.96 |
| | | | | 24-04-2015 | 25000 | Purchase | 1256430 | 3.02 |
| | | | | 22-05-2015 | -25000 | Sale | 1231430 | 2.96 |
| | | | | 17-07-2015 | -5982 | Sale | 1225448 | 2.94 |
| | | | | 24-07-2015 | -62000 | Sale | 1163448 | 2.79 |
| | | | | 22-01-2016 | 6300 | Purchase | 1169748 | 2.81 |
| | | | | 12-02-2016 | 25000 | Purchase | 1194748 | 2.87 |
| | | | 1194748 | 2.87 | | | | |
| 3 | LIFE INSURANCE CORPORATION OF INDIA | 1815896 | 2.87 | 31-03-2015 | | | 1815896 | 4.36 |
| | | | | 10-04-2015 | -118520 | Sale | 1697376 | 4.08 |
| | | | | 19-06-2015 | -67294 | Sale | 1630082 | 3.91 |
| | | | | 26-06-2015 | -78232 | Sale | 1551850 | 3.73 |
| | | | | 30-06-2015 | -20000 | Sale | 1531850 | 3.68 |
| | | | | 03-07-2015 | -102023 | Sale | 1429827 | 3.43 |
| | | | | 10-07-2015 | -29065 | Sale | 1400762 | 3.36 |
| | | | | 17-07-2015 | -3386 | Sale | 1397376 | 3.36 |
| | | | | 24-07-2015 | -75141 | Sale | 1322235 | 3.18 |
| | | | | 31-07-2015 | -72528 | Sale | 1249707 | 3.00 |
| | | | | 07-08-2015 | -158092 | Sale | 1091615 | 2.62 |
| | | | | 14-08-2015 | -11796 | Sale | 1079819 | 2.59 |
| | | | 1079819 | 2.59 | | | | |

| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|------------|--|---|----------------------------------|-------------|-------------------------------------|----------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | | | | No of Shares | % of total shares of the Company |
| 4 | MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF0012 | 557822 | 1.34 | 31-03-2015 | | | 557822 | 1.34 |
| | | | | 03-07-2015 | -13000 | Sale | 544822 | 1.31 |
| | | | | 10-07-2015 | -10245 | Sale | 534577 | 1.28 |
| | | | | 28-08-2015 | 36944 | Purchase | 571521 | 1.37 |
| | | | | 04-09-2015 | 15500 | Purchase | 587021 | 1.41 |
| | | | | 12-02-2016 | 20000 | Purchase | 607021 | 1.46 |
| | | | | 31-03-2016 | 110000 | Purchase | 717021 | 1.72 |
| | | | | 31-03-2016 | | | 717021 | 1.72 |
| 5 | RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIA | 901621 | 2.17 | 31-03-2015 | | | 901621 | 2.17 |
| | | | | 23-10-2015 | -57615 | Sale | 844006 | 2.03 |
| | | | | 30-10-2015 | -4676 | Sale | 839330 | 2.02 |
| | | | | 25-12-2015 | -106702 | Sale | 732628 | 1.76 |
| | | | | 31-12-2015 | -48628 | Sale | 684000 | 1.64 |
| | | | | 31-03-2016 | -13066 | Sale | 670934 | 1.61 |
| | | | | 31-03-2016 | | | 670934 | 1.61 |
| 6 | RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE T | 0 | 0.00 | 31-03-2015 | | | 0 | 0.00 |
| | | | | 12-06-2015 | 90000 | Purchase | 90000 | 0.22 |
| | | | | 19-06-2015 | 99000 | Purchase | 189000 | 0.45 |
| | | | | 26-06-2015 | 144000 | Purchase | 333000 | 0.80 |
| | | | | 17-07-2015 | 18000 | Purchase | 351000 | 0.84 |
| | | | | 21-08-2015 | 54000 | Purchase | 405000 | 0.97 |
| | | | | 28-08-2015 | 52447 | Purchase | 457447 | 1.10 |
| | | | | 04-09-2015 | 21995 | Purchase | 479442 | 1.15 |
| | | | | 25-09-2015 | 357 | Purchase | 479799 | 1.15 |
| | | | | 09-10-2015 | -64074 | Sale | 415725 | 1.00 |
| | | | | 23-10-2015 | -10725 | Sale | 405000 | 0.97 |
| | | | | 31-12-2015 | -45000 | Sale | 360000 | 0.86 |
| | | | | 15-01-2016 | 19589 | Purchase | 379589 | 0.91 |
| | | | | 22-01-2016 | 70411 | Purchase | 450000 | 1.08 |
| | | | | 05-02-2016 | 27000 | Purchase | 477000 | 1.15 |
| | | | | 19-02-2016 | 62813 | Purchase | 539813 | 1.30 |
| | | | | 26-02-2016 | 36187 | Purchase | 576000 | 1.38 |
| 04-03-2016 | 45000 | Purchase | 621000 | 1.49 | | | | |
| 31-03-2016 | | | 621000 | 1.49 | | | | |
| 7 | RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE REGUL | 400000 | 0.96 | 31-03-2015 | | | 400000 | 0.96 |
| | | | | 03-07-2015 | 3300 | Purchase | 403300 | 0.97 |
| | | | | 11-09-2015 | 46700 | Purchase | 450000 | 1.08 |
| | | | | 13-11-2015 | 35100 | Purchase | 485100 | 1.16 |
| | | | | 20-11-2015 | 14900 | Purchase | 500000 | 1.20 |
| | | | | 04-03-2016 | 6000 | Purchase | 506000 | 1.22 |
| | | | | 25-03-2016 | 32000 | Purchase | 538000 | 1.29 |
| | | | | 31-03-2016 | | | 538000 | 1.29 |



| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|------------|--|---|----------------------------------|-------------|-------------------------------------|----------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | | | | No of Shares | % of total shares of the Company |
| 8 | RELIANCE CAPITAL TRUSTEE CO. LTD. A/C RELIANCE DIV | 395272 | 0.95 | 31-03-2015 | | | 395272 | 0.95 |
| | | | | 05-06-2015 | 25000 | Purchase | 420272 | 1.01 |
| | | | | 24-07-2015 | -25000 | Sale | 395272 | 0.95 |
| | | | | 11-09-2015 | 15000 | Purchase | 410272 | 0.99 |
| | | | | 18-09-2015 | 15000 | Purchase | 425272 | 1.02 |
| | | | | 09-10-2015 | 25000 | Purchase | 450272 | 1.08 |
| | | | | 11-12-2015 | 15000 | Purchase | 465272 | 1.12 |
| | | | | 25-12-2015 | -669 | Sale | 464603 | 1.12 |
| | | | | 15-01-2016 | 15000 | Purchase | 479603 | 1.15 |
| | | | 479603 | 1.15 | | | | |
| 9 | MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01108 | 243659 | 0.59 | 31-03-2015 | | | 243659 | 0.59 |
| | | | | 01-05-2015 | 40230 | Purchase | 283889 | 0.68 |
| | | | | 15-05-2015 | 100000 | Purchase | 383889 | 0.92 |
| | | | | 12-06-2015 | -50224 | Sale | 333665 | 0.80 |
| | | | | 24-07-2015 | 67000 | Purchase | 400665 | 0.96 |
| | | | | 28-08-2015 | 8750 | Purchase | 409415 | 0.98 |
| | | | | 31-03-2016 | 50000 | Purchase | 459415 | 1.10 |
| | | | | 31-03-2016 | | | 459415 | 1.10 |
| 10 | CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURAN | 469882 | 1.13 | 31-03-2015 | | | 469882 | 1.13 |
| | | | | 10-04-2015 | -4705 | Sale | 465177 | 1.12 |
| | | | | 17-04-2015 | -3258 | Sale | 461919 | 1.11 |
| | | | | 24-04-2015 | -3898 | Sale | 458021 | 1.10 |
| | | | | 08-05-2015 | -5724 | Sale | 452297 | 1.09 |
| | | | | 15-05-2015 | -3606 | Sale | 448691 | 1.08 |
| | | | | 22-05-2015 | -1201 | Sale | 447490 | 1.07 |
| | | | | 29-05-2015 | -433 | Sale | 447057 | 1.07 |
| | | | | 05-06-2015 | -449 | Sale | 446608 | 1.07 |
| | | | | 19-06-2015 | -2155 | Sale | 444453 | 1.07 |
| | | | | 26-06-2015 | -3564 | Sale | 440889 | 1.06 |
| | | | | 30-06-2015 | -175 | Sale | 440714 | 1.06 |
| | | | | 03-07-2015 | -4164 | Sale | 436550 | 1.05 |
| | | | | 10-07-2015 | -1531 | Sale | 435019 | 1.04 |
| | | | | 17-07-2015 | -2332 | Sale | 432687 | 1.04 |
| | | | | 24-07-2015 | -846 | Sale | 431841 | 1.04 |
| | | | | 31-07-2015 | -633 | Sale | 431208 | 1.04 |
| | | | | 07-08-2015 | -1526 | Sale | 429682 | 1.03 |
| | | | | 14-08-2015 | -4160 | Sale | 425522 | 1.02 |
| | | | | 21-08-2015 | -11426 | Sale | 414096 | 0.99 |
| | | | | 04-09-2015 | 3213 | Purchase | 417309 | 1.00 |
| | | | | 18-09-2015 | -469 | Sale | 416840 | 1.00 |
| | | | | 25-09-2015 | -1394 | Sale | 415446 | 1.00 |
| 30-09-2015 | -53 | Sale | 415393 | 1.00 | | | | |
| 16-10-2015 | -2087 | Sale | 413306 | 0.99 | | | | |

| Sl. No. | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|---------|--------------------------|---|----------------------------------|------------|-------------------------------------|----------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | | | | No of Shares | % of total shares of the Company |
| | | | | 23-10-2015 | -500 | Sale | 412806 | 0.99 |
| | | | | 30-10-2015 | -548 | Sale | 412258 | 0.99 |
| | | | | 27-11-2015 | -990 | Sale | 411268 | 0.99 |
| | | | | 04-12-2015 | 2065 | Purchase | 413333 | 0.99 |
| | | | | 11-12-2015 | -3282 | Sale | 410051 | 0.98 |
| | | | | 18-12-2015 | -2124 | Sale | 407927 | 0.98 |
| | | | | 31-12-2015 | -1683 | Sale | 406244 | 0.98 |
| | | | | 08-01-2016 | -2827 | Sale | 403417 | 0.97 |
| | | | | 15-01-2016 | -2787 | Sale | 400630 | 0.96 |
| | | | | 22-01-2016 | -173 | Sale | 400457 | 0.96 |
| | | | | 29-01-2016 | -94 | Sale | 400363 | 0.96 |
| | | | | 05-02-2016 | -652 | Sale | 399711 | 0.96 |
| | | | | 26-02-2016 | -537 | Sale | 399174 | 0.96 |
| | | | | 04-03-2016 | 11244 | Purchase | 410418 | 0.99 |
| | | | | 11-03-2016 | 245 | Purchase | 410663 | 0.99 |
| | | | | 18-03-2016 | -68 | Sale | 410595 | 0.99 |
| | | | | 31-03-2016 | | | 410595 | 0.99 |

(v) Shareholding of Directors and Key Managerial Personnel:

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| ANIRUDDH KUMAR (Director - Rail & Metro) | | | | |
| At the beginning of the year | 10 | Negligible | 10 | Negligible |
| Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No change | | No change | |
| At the end of the year | 10 | Negligible | 10 | Negligible |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loan | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness (Borrowings) at the beginning of the financial year as on 01.04.2015 | | | | |
| i) Principal Amount | 54,845.81 | 9,497.62 | - | 64,343.43 |
| ii) Interest due but not paid | 35.49 | - | - | 35.49 |
| iii) Interest accrued but not due | 1,119.86 | - | - | 1,119.86 |
| Total (i+ii+iii) | 56,001.16 | 9,497.62 | - | 65,498.78 |



(₹ in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loan | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Change in Indebtedness (Borrowings) during the financial year | | | | |
| · Addition | - | - | - | - |
| · Reduction | 6,449.48 | 1,983.00 | - | 8,432.48 |
| Net Change | | | | |
| Indebtedness (Borrowings) at the end of the financial year 31.03.2016 | | | | |
| i) Principal Amount | 48,420.00 | 7,514.62 | - | 55,934.62 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 1,131.68 | - | - | 1,131.68 |
| Total (i+ii+iii) | 49,551.68 | 7,514.62 | - | 57,066.30 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Directors:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager Shri | | | | | | | Total Amount (₹) | |
|---------|---|---|---------------------------|--|---|---|--|--|------------------|---------------------------------|
| | | Chairman and Managing Director/CEO P Dwarakanath | Director (HR) D K Hota | Director (Finance) /CFO P Swaminathan | Director (Rail & Metro) Aniruddh Kumar | Director (Mining & Construction) B R Viswanatha* | Director (Defence) R H Muralidhara* | Director (Mining & Construction) C N Durgesh* | | Director (Defence) P R Naik* |
| 1. | Gross salary | | | | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3356921 | 2802180 | 2715753 | 2373553 | 656497 | 648477 | 2439206 | 2943353 | 17935940 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 468177 | 441006 | 396716 | 309846 | 33792 | 2700 | 380486 | 56543 | 2089266 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | | | | | | | | | |
| 2. | Stock Option | - | - | - | - | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - | - | - | - | - |
| 4. | Commission | | | | | | | | | |
| | - as % of profit | - | - | - | - | - | - | - | - | - |
| | - others, specify... | - | - | - | - | - | - | - | - | - |
| 5. | Others-PF & Pension | 294123 | 263868 | 246447 | 242402 | 40764 | 20263 | 218023 | 240568 | 1566458 |
| | Total (A) | 4119221 | 3507054 | 3358916 | 2925801 | 731053 | 671440 | 3037715 | 3240464 | 21591664 |
| | Ceiling as per the Act | Not Applicable | | | | | | | | |

* Part of the year

B. Remuneration to other Directors:

| Particulars of Remuneration | Name of Directors Shri/Smt | | | | | | |
|---|-------------------------------|------------------------|--------------------|------------------------|-------------------|------------------|------------------|
| Independent Directors | | | | | | | |
| | <i>Sudhir Kumar Beri*</i> | <i>M G Raghuv eer*</i> | <i>B P Rao*</i> | <i>C Balakrishnan*</i> | <i>N P Gupta*</i> | <i>S A Bhat*</i> | <i>Total (₹)</i> |
| · Fee for attending board/ committee meetings · Commission · Others, please specify | 150000 | 240000 | 120000 | 150000 | 270000 | 100000 | 1030000 |
| Total (1) | 150000 | 240000 | 120000 | 150000 | 270000 | 100000 | 1030000 |
| Other Non-Executive Directors - Government Nominee Directors | | | | | | | |
| | <i>Sanjay Prasad</i> | <i>Rajnish Kumar</i> | <i>Kusum Singh</i> | -- | | | |
| · Fee for attending Board/ Committee meetings · Commission · Others, please specify | -- | -- | -- | Not Applicable | | | |
| Total (2) | -- | -- | -- | -- | | | |
| Total (B)=(1+2) | 1030000 | | | | | | |
| Total Managerial Remuneration [A+B] | 22621664 | | | | | | |
| Overall Ceiling as per the Act | Not Applicable | | | | | | |

* Part of the year

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|--|----------------|-----------|
| | | CEO | Company Secretary <i>M E V Selvam</i> | CFO | Total (₹) |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | Not Applicable | 1322824 | Not Applicable | 1322824 |
| | | Not Applicable | 159944 | Not Applicable | 159944 |
| | | Not Applicable | - | Not Applicable | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - |
| 5. | Others-PF & Pension | - | 126318 | - | 126318 |
| | Total | | 1609086 | | 1609086 |

For and on behalf of the Board of Directors

Sd/-

P Dwarakanath

Chairman & Managing Director

Bengaluru
27.05.2016



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) specified under section 133 read with Rule 7 of Companies (Accounts) Rules, 2014 by the Central Government, to the extent applicable, and the provisions of the Companies Act, 2013.

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 incurrance.

B. Depreciation

- (a) Depreciation is charged on Straight Line Method basis adopting 'Useful Lives' as per Schedule-II of the Companies Act, 2013 (or such shorter useful lives 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 S.R.R.K SHARMA ASSOCIATES
 Chartered Accountants
 Firm Registration Number: 003790S

For and on behalf of the Board of Directors

CA. H R RAMASWAMY
 Partner
 Membership No.: 207116
 Bengaluru
 27.05.2016

P. DWARAKANATH
 Chairman & Managing Director
 (DIN 02107805)

M E V SELVAMM
 Company Secretary



BALANCE SHEET

(₹ in Lakhs)

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|--|----------|--------------------------|--------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 1 | 4,177.22 | 4,177.22 |
| (b) Reserves and surplus | 2 | 206,758.96 | 203,498.39 |
| Sub-total | | 210,936.18 | 207,675.61 |
| (2) Share application money pending allotment | | | |
| | | - | - |
| (3) Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 36,265.22 | 41,392.67 |
| (b) Other Long term liabilities | 4 | 36,399.19 | 31,697.48 |
| (c) Long-term provisions | 5 | 16,064.26 | 16,435.86 |
| Sub-total | | 88,728.67 | 89,526.01 |
| (4) Current liabilities | | | |
| (a) Short-term borrowings | 6 | 14,542.15 | 17,823.51 |
| (b) Trade payables | 7 | | |
| (A) Micro & Small Enterprises | | 1,396.92 | 3,277.65 |
| (B) Other than Micro & Small Enterprises | | 39,424.55 | 51,051.00 |
| (c) Other current liabilities | 8 | 61,750.69 | 77,141.60 |
| (d) Short-term provisions | 9 | 15,517.04 | 12,597.46 |
| Sub-total | | 132,631.35 | 161,891.22 |
| Total | | 432,296.20 | 459,092.84 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10 | 52,306.09 | 45,455.92 |
| (ii) Intangible assets | 10 | 1,715.58 | 1,415.24 |
| (iii) Capital work-in-progress | 11 | 5,883.43 | 14,994.98 |
| (iv) Intangible assets under development | 11A | 4,504.95 | 4,174.86 |
| (b) Non-current investments | 12 | 257.64 | 257.64 |
| (c) Deferred tax assets (net) | 13 | 10,351.57 | 10,137.85 |
| (d) Long-term loans and advances | 14 | 22,816.30 | 23,391.01 |
| (e) Other non-current assets | 15 | 434.05 | 406.92 |
| Sub-total | | 98,269.61 | 100,234.42 |
| (2) Current assets | | | |
| (a) Current Investments | 16 | 62.14 | 80.02 |
| (b) Inventories | 17 | 169,631.83 | 192,119.78 |
| (c) Trade receivables | 18 | 120,805.10 | 99,169.65 |
| (d) Cash and cash equivalents | 19 | 6,556.18 | 14,473.02 |
| (e) Short-term loans and advances | 20 | 20,681.99 | 16,631.50 |
| (f) Other current assets | 21 | 16,289.35 | 36,384.45 |
| Sub-total | | 334,026.59 | 358,858.42 |
| Total | | 432,296.20 | 459,092.84 |

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 S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S
CA. H R RAMASWAMY
Partner
Membership No.: 207116

For and on behalf of the Board of Directors

P. DWARAKANATH
Chairman & Managing Director
(DIN 02107805)

M E V SELVAMM
Company Secretary

PROFIT AND LOSS STATEMENT

(₹ in Lakhs)

| Particulars | Note No. | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|--------------|---------------------------------------|---------------------------------------|
| Revenues: | | | |
| Revenue including Excise Duty | 22 | 328,743.91 | 299,916.82 |
| Less: Excise Duty [Refer Note 22(i)] | | 30,371.88 | 18,997.75 |
| Revenue from operations | | 298,372.03 | 280,919.07 |
| Other income | 23 | 3,902.18 | 5,950.42 |
| Total Revenue | | 302,274.21 | 286,869.49 |
| Expenses: | | | |
| Cost of materials consumed | 24 | 147,673.25 | 137,335.86 |
| Purchase of Stock-in-trade | 24A | 51.21 | 31.90 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade | 25 | 24,371.24 | 20,926.38 |
| Employee benefits expense | 26 | 76,789.07 | 76,911.39 |
| Finance costs | 27 | 4,902.81 | 7,051.41 |
| Depreciation and amortization expense | 10 | 5,321.38 | 5,213.76 |
| Other expenses | 28 | 36,648.91 | 38,748.92 |
| Total Expenses | | 295,757.87 | 286,219.62 |
| Profit / (Loss) before exceptional, extraordinary and prior period items and tax | | 6,516.34 | 649.87 |
| Add/ (Less) : Exceptional items | 29 | - | 14.66 |
| Profit / (Loss) before Prior Period Adjustment | | 6,516.34 | 664.53 |
| Add / (Less) Prior Period Adjustment | 30 | (89.11) | 26.62 |
| Profit / (Loss) before tax | | 6,427.23 | 691.15 |
| Tax expense: | | | |
| (1) Current tax (MAT) | | 1,375.49 | 148.10 |
| (2) Deferred tax | | (213.72) | (132.52) |
| (3) Excess Provision of previous years written back | | - | - |
| Profit / (Loss) for the year | 31(A) | 5,265.46 | 675.57 |
| Earnings per equity share: (₹10/- each) in ₹ | | | |
| Basic and diluted | 31(A) | 12.64 | 1.62 |

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 S.R.R.K SHARMA ASSOCIATES
 Chartered Accountants
 Firm Registration Number: 003790S

For and on behalf of the Board of Directors

CA. H R RAMASWAMY
 Partner
 Membership No.: 207116

P. DWARAKANATH
 Chairman & Managing Director
 (DIN 02107805)

Bengaluru
 27.05.2016

M E V SELVAMM
 Company Secretary



CASH FLOW STATEMENT

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | | For the Year ended 31st March 2015 | |
|--|---------------------------------------|--------------------|---------------------------------------|-------------|
| | Sub items | Main items | Sub items | Main items |
| A. Cash flow from operating activities | | | | |
| Net profit before tax and extraordinary items | | 6,427.23 | | 691.15 |
| <i>Adjustments for</i> | | | | |
| Depreciation | 5,321.38 | | 5,213.76 | |
| Amortisation of Special Tools | 255.44 | | 209.52 | |
| (Gain)/loss on disposal of fixed assets | 14.08 | | (15.74) | |
| Foreign exchange loss / (gain) | 94.01 | | (119.41) | |
| Provision for Obsolescence | 555.45 | | 702.60 | |
| Bad debts written off | 384.95 | | 146.72 | |
| Financing Cost | 4,902.81 | | 7,051.41 | |
| Interest income | (749.92) | | (945.94) | |
| Other Provisions | 2,839.53 | 13,617.73 | 2,224.31 | 14,467.23 |
| Operating Profit / (Loss) before changes in working capital | | 20,044.96 | | 15,158.38 |
| <i>Adjustment for</i> | | | | |
| Inventories | 21,498.07 | | 23,821.76 | |
| Trade & other receivables | (2,889.87) | | (740.21) | |
| Other current assets | (4,038.54) | | 1,950.69 | |
| Trade payables | (13,581.84) | | 15,768.80 | |
| Other payables | (11,115.17) | (10,127.35) | (2,404.18) | 38,396.86 |
| Cash generated from operations | | 9,917.61 | | 53,555.24 |
| Direct taxes (paid) / refunded | | (1,500.27) | | 1,288.75 |
| Net cash flow from/used in operating activities | | 8,417.34 | | 54,843.99 |
| B. Cash flow from investing activities | | | | |
| Purchase of Fixed Assets | (2,547.72) | | (4,097.02) | |
| Purchase of intangible fixed assets | (1,274.09) | | (483.44) | |
| Sale of tangible fixed assets | 117.30 | | 15.75 | |
| Interest received | 757.20 | | 938.66 | |
| Net cash flow from/used in investing activities | | (2,947.31) | | (3,626.05) |
| C. Cash flow from financing activities | | | | |
| Proceeds/(Repayments) from/to ECB & long-term borrowings | (3,144.45) | | (3,144.43) | |
| Proceeds/(Repayments) of Inter corporate loans | (1,565.60) | | (1,565.61) | |
| Proceeds/(Repayments) of Soft loan | (417.40) | | (417.40) | |
| Proceeds/(Repayments) of short-term borrowings | (3,281.36) | | (26,119.70) | |
| Financing Cost | (4,476.84) | | (6,634.05) | |
| Dividend & Tax paid for equity shares | (501.22) | | (487.22) | |
| Net cash flow from/used in financing activities | | (13,386.87) | | (38,368.41) |
| Net increase/(decrease)in cash & cash equivalents | | (7,916.84) | | 12,849.53 |
| Cash & Cash Equivalents, Beginning of the year | | 14,473.02 | | 1,623.49 |
| Cash and Cash Equivalents, Ending of the year | | 6,556.18 | | 14,473.02 |

Refer our report of even date attached
For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. H R RAMASWAMY
Partner
Membership No.: 207116

Bengaluru
27.05.2016
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For and on behalf of the Board of Directors

P. DWARAKANATH
Chairman & Managing Director
(DIN 02107805)

M E V SELVAMM
Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 Schedule III to the Companies Act, 2013. 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 2016 | | As at 31st March 2015 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Number | Amount | Number | Amount |
| Authorised : | | | | |
| Equity Shares of ₹10 each | 100000000 | 10,000.00 | 100000000 | 10,000.00 |
| Issued : | | | | |
| Equity Shares of ₹10 each | 41900000 | 4,190.00 | 41900000 | 4,190.00 |
| Subscribed : | | | | |
| Equity Shares of ₹10 each | 41644500 | 4,164.45 | 41644500 | 4,164.45 |
| Paid-up : | | | | |
| Equity Shares of ₹10 each, fully paid-up | 41644500 | 4,164.45 | 41644500 | 4,164.45 |
| Forfeited Shares (amount originally paid) : | | | | |
| Equity Shares of Paid-up value ₹5 each | 255500 | 12.77 | 255500 | 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 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 | | | | |
|---|------------------|---------|---------|---------|---------|
| | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
| 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 2016 | | As at 31st March 2015 | |
|---|-----------------------|----------|-----------------------|----------|
| | 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 2016 | | As at 31st March 2015 | |
|--|-----------------------|--------|-----------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| President of India | 22,500,000 | 54.03 | 22,500,000 | 54.03 |
| Reliance Capital Trustee Co. Ltd (Group) | 3,912,949 | 9.40 | 2,968,702 | 7.12 |
| LIC of India (Group) | 1,245,235 | 2.99 | 2,764,061 | 6.63 |

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 2016 | As at 31st March 2015 |
|---|-----------------------|-----------------------|
| 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 |
| 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 |
| Debenture Redemption Reserve | | |
| Opening Balance | 1,143.37 | 467.80 |
| Additions during the year | 3,260.57 | 675.57 |
| Deductions during the year | - | - |
| Closing Balance | 4,403.94 | 1,143.37 |
| General Reserve | | |
| Opening Balance | 119,033.62 | 119,033.62 |
| Additions during the year | - | - |
| Deductions during the year | - | - |
| Closing Balance | 119,033.62 | 119,033.62 |
| Balance in the Statement of Profit and Loss | | |
| Opening Balance | 22,010.23 | 22,994.12 |
| Adjustment of Carrying amount of assets with Nil useful life as on 01.04.2014 | - | (482.67) |
| Additions / (deletions) during the year | 5,265.46 | 675.57 |
| Less: Appropriations | | |
| - Transfer to Debenture Redemption Reserve | 3,260.57 | 675.57 |
| - Proposed dividend | 1,665.78 | 416.45 |
| - Tax on Dividend | 339.11 | 84.77 |
| - Transfer to General reserve | - | - |
| Closing Balance | 22,010.23 | 22,010.23 |
| Total | 206,758.96 | 203,498.39 |

Note 3 : Long Term Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | 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 10.20% | 733.60 | 494.25 | 1,228.05 | 494.25 |
| ii. From Standard Chartered Bank, secured by exclusive first charge on 61 Acres and 37 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.14% | - | 2,650.00 | 2,650.00 | 2,650.00 |
| 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 | - | 30,000.00 | - |
| Unsecured From Other Parties | | | | |
| i. Inter corporate loans against company's corporate guarantee (from Coal India) | 4,696.82 | 1,565.60 | 6,262.42 | 1,565.60 |
| ii. Soft Loan - Interest Free Loan from Govt of Kerala | 834.80 | 417.40 | 1,252.20 | 417.40 |
| Total | 36,265.22 | 5,127.25 | 41,392.67 | 5,127.25 |

Maturity Pattern of Term Loans from Banks :

(₹ in Lakhs)

| Name of the Bank | Maturity Pattern | | | |
|--------------------------|------------------|---------|---------|---------|
| | Interest Rate | 2016-17 | 2017-18 | 2018-19 |
| State Bank of Travancore | 10.20% | 494.25 | 494.25 | 239.35 |
| Standard Chartered Bank | 9.14% | 2650.00 | - | - |

Maturity Pattern 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 Pattern of Unsecured Inter Corporate Loan :

(₹ in Lakhs)

| Rate of Interest | Interest Rate | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|---------------|---------|---------|---------|---------|
| Bank Rate plus 3.50%, currently 11.25% | 11.25% | 1565.60 | 1565.61 | 1565.61 | 1565.60 |

Maturity Pattern of Soft Loan - Interest free Loan from Govt. of Kerala

(₹ in Lakhs)

| Rate of Interest | Interest Rate | 2016-17 | 2017-18 | 2018-19 |
|---|---------------|---------|---------|---------|
| Soft Loan - Interest free Loan, Re-payable in 10 equal instalments in 5 years | 0.00% | 417.40 | 417.40 | 417.40 |

**Note 4 : Other Long Term Liabilities***(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|-------------------------|----------------------------------|----------------------------------|
| Advance received | 36,260.23 | 31,643.62 |
| Staff related | 13.58 | 0.19 |
| Deposits & EMD received | 125.38 | 53.67 |
| Total | 36,399.19 | 31,697.48 |

Note 5 : Long-Term Provisions*(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|----------------------------------|----------------------------------|
| Provision for employee benefits | | |
| for Leave Salary | 12,437.96 | 13,426.73 |
| for Post retirement medical scheme | 2,841.01 | 1,973.17 |
| Provision-others | | |
| for warranty | 173.00 | 135.00 |
| for unexpired obligations | 612.29 | 900.96 |
| Total | 16,064.26 | 16,435.86 |

Note 6 : Short-Term Borrowings*(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|----------------------------------|----------------------------------|
| 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) | 14,542.15 | 17,823.51 |
| Unsecured | - | - |
| Total | 14,542.15 | 17,823.51 |

Note 7 : Trade Payables*(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|----------------------------------|----------------------------------|
| Total outstanding dues of micro & small enterprises | 1,396.92 | 3,277.65 |
| Total outstanding dues of creditors other than micro & small enterprises | 39,424.55 | 51,051.00 |
| Total | 40,821.47 | 54,328.65 |

Micro and Small Enterprises (MSE)

The information under MSMED Act, 2006 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 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Amount due and Payable at the year end | | |
| - Principal | 562.36 | 976.42 |
| - Interest on above Principal | 51.13 | 23.10 |
| Payments made during the year after the due date | | |
| - Principal | 8,235.12 | 7,799.40 |
| - Interest | - | - |
| Interest due and payable for principals already paid | 398.51 | 417.08 |
| Total Interest accrued and remained unpaid at year end | 449.64 | 440.18 |
| Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006. | 112.40 | 243.08 |

Note 8 : Other Current Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Current maturities of long term debt (Refer Note No. 3) | 5,127.25 | 5,127.25 |
| Interest accrued but not due on Borrowings | 1,131.68 | 1,119.86 |
| Interest accrued and due on Borrowings | - | 35.49 |
| Unclaimed dividends | 37.59 | 42.53 |
| Other payables | | |
| a. Staff related dues | 2,182.65 | 1,592.40 |
| b. Statutory dues | 4,346.17 | 6,010.09 |
| c. Deposits & EMD received | 1,025.93 | 761.56 |
| d. ED provision on FGI/Others | 6,914.80 | 9,162.27 |
| e. Other dues | 7,089.08 | 7,334.93 |
| f. Advances and Deposits | 33,895.54 | 45,955.22 |
| Total | 61,750.69 | 77,141.60 |

Note 9 : Short-Term Provisions

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Provision for employee benefits | | |
| for Gratuity | - | 1,219.78 |
| for Leave Salary | 3,248.43 | 1,639.60 |
| for Performance Related Pay | 570.00 | 370.00 |
| for Post retirement medical scheme | 1,413.07 | 277.19 |
| for Officers Pension | 1,171.86 | 674.14 |
| Provision-others | | |
| Proposed dividend | 1,665.78 | 416.45 |
| Tax on dividend | 339.11 | 84.77 |
| for pending Legal cases | 37.37 | 346.20 |
| for warranty | 6,312.20 | 6,070.36 |
| for unexpired obligations | 759.22 | 1,498.97 |
| Total | 15,517.04 | 12,597.46 |



Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

| Particulars | As at 01.04.2015 | Additions | Utilization | Reversal | As at 31.03.2016 | |
|--------------------------------|---------------------|------------------|------------------|-----------------|------------------|------------------|
| | | | | | Long-term | Short-term |
| Gratuity | 1,219.78 | 786.07 | 2,219.78 | - | - | ★ (213.93) |
| Leave Salary | 15,066.33 | 4,609.43 | 3,989.37 | - | 12,437.96 | 3,248.43 |
| Post retirement medical scheme | 2,250.36 | 2,184.61 | 180.89 | - | 2,841.01 | 1,413.07 |
| Performance Related Pay | 370.00 | 200.00 | - | - | - | 570.00 |
| Officers Pension | 674.14 | 1,171.86 | 659.47 | 14.67 | - | 1,171.86 |
| Pending legal cases | 346.20 | 8.24 | 307.27 | 9.80 | - | 37.37 |
| Warranty | 6,205.36 | 6,426.49 | 5,704.57 | 442.08 | 173.00 | 6,312.20 |
| Unexpired Obligations | 2,399.93 | 470.56 | 691.01 | 807.97 | 612.29 | 759.22 |
| Total | 28,532.10 | 15,857.26 | 13,752.36 | 1,274.52 | 16,064.26 | 13,298.22 |

★ Towards Gratuity the Company has funded ₹213.93 Lakhs more than liability and this amount is included under the head Pre paid expenses & Other advances (Note 20).

Note 10: Fixed Assets

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
|-------------------------------------|-------------------|------------------|---|-------------------|------------------|-----------------|-------------------------------------|---|------------------|------------------|------------------|
| | As at | Additions | Deduction / Re-classification & Adjustments | As at | As at | For the Year | Adj against Retained Earnings | Deduction / Re-classification & Adjustments | As at | As at | As at |
| | 01.04.2015 | During the Year | During the Year | 31.03.2016 | 01.04.2015 | | During the Year | During the Year | 31.03.2016 | 31.03.2016 | 31.03.2015 |
| Tangible Assets | | | | | | | | | | | |
| Land | | | | | | | | | | | |
| Free Hold | 1,288.91 | 3.79 | (7.01) | 1,285.69 | - | - | - | - | - | 1,285.69 | 1,288.91 |
| Lease Hold | 8,347.82 | - | (87.89) | 8,259.93 | 220.78 | 32.38 | - | - | 253.16 | 8,006.77 | 8,127.04 |
| Leasehold Improvements | | | | | | | | | | | |
| Roads & Drains | 2,617.77 | 9.07 | (0.01) | 2,626.83 | 1,110.75 | 255.31 | - | 104.31 | 1,470.37 | 1,156.46 | 1,507.02 |
| Water Supply Installations | 684.51 | 4.09 | (35.14) | 653.46 | 416.58 | 19.30 | - | (29.71) | 406.17 | 247.29 | 267.93 |
| Buildings | 21,214.46 | 1,720.41 | 165.80 | 23,100.67 | 8,025.54 | 778.59 | - | 1.61 | 8,805.74 | 14,294.93 | 13,188.92 |
| Railway Sidings | 929.22 | 368.53 | - | 1,297.75 | 428.52 | 109.31 | - | - | 537.83 | 759.92 | 500.70 |
| Plant, Machinery and Equipment | 66,714.85 | 8,334.09 | (780.16) | 74,268.78 | 49,408.53 | 2,531.08 | - | (789.32) | 51,150.29 | 23,118.49 | 17,306.32 |
| Electrical Installations | 4,402.37 | 542.74 | 59.49 | 5,004.60 | 3,310.72 | 173.95 | - | 57.78 | 3,542.45 | 1,462.15 | 1,091.65 |
| Furniture & Fixtures | 1,705.74 | 37.77 | (1.11) | 1,742.40 | 1,300.33 | 110.63 | - | (2.00) | 1,408.96 | 333.44 | 405.41 |
| Vehicles | | | | | | | | | | | |
| Given on Lease | 487.17 | 282.84 | (53.49) | 716.52 | 251.12 | 96.07 | - | (34.07) | 313.12 | 403.40 | 236.05 |
| Own Use | 2,299.69 | 1.04 | (222.99) | 2,077.74 | 1,519.59 | 172.76 | - | (132.13) | 1,560.22 | 517.52 | 780.10 |
| Office Equipment | 591.12 | 16.88 | 95.76 | 703.76 | 544.74 | 24.33 | - | 73.97 | 643.04 | 60.72 | 46.38 |
| Jigs & Fixtures | 2,194.81 | 131.01 | (17.67) | 2,308.15 | 1,676.95 | 272.10 | - | (3.87) | 1,945.18 | 362.97 | 517.86 |
| Computers and Data processing units | 4,769.56 | 207.01 | 550.92 | 5,527.49 | 4,577.93 | 94.91 | - | 558.31 | 5,231.15 | 296.34 | 191.63 |
| Total Tangible Assets | 118,248.00 | 11,659.27 | (333.50) | 129,573.77 | 72,792.08 | 4,670.72 | - | (195.12) | 77,267.68 | 52,306.09 | 45,455.92 |
| Previous Year | 115,786.06 | 2,569.60 | (107.66) | 118,248.00 | 68,010.69 | 4,472.83 | 482.67 | (174.11) | 72,792.08 | 45,455.92 | 47,775.37 |

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | AMORTISATION | | | | NET BLOCK | | |
|---|-------------------|------------------|---|-------------------|------------------|-----------------|-------------------------------|---|------------------|------------------|------------------|
| | As at | Additions | Deduction / Re-classification & Adjustments | As at | As at | For the Year | Adj against Retained Earnings | Deduction / Re-classification & Adjustments | As at | As at | As at |
| | 01.04.2015 | During the Year | During the Year | 31.03.2016 | 01.04.2015 | During the Year | During the Year | During the Year | 31.03.2016 | 31.03.2016 | 31.03.2015 |
| Intangible Assets | | | | | | | | | | | |
| Computer software | 1,441.80 | 944.00 | (0.01) | 2,385.79 | 1,143.92 | 161.16 | - | 0.01 | 1,305.09 | 1,080.70 | 297.88 |
| Technical Know how | 2,937.03 | - | - | 2,937.03 | 1,819.67 | 489.50 | - | (0.01) | 2,309.16 | 627.87 | 1,117.36 |
| TDR against Land | - | - | 7.01 | 7.01 | - | - | - | - | - | 7.01 | - |
| Total Intangible Assets | 4,378.83 | 944.00 | 7.00 | 5,329.83 | 2,963.59 | 650.66 | - | - | 3,614.25 | 1,715.58 | 1,415.24 |
| Previous Year | 4,276.36 | 62.31 | 40.16 | 4,378.83 | 2,182.11 | 740.93 | - | 40.55 | 2,963.59 | 1,415.24 | 2,094.25 |
| Total Tangible & Intangible Assets C Y | 122,626.83 | 12,603.27 | (326.50) | 134,903.60 | 75,755.67 | 5,321.38 | - | (195.12) | 80,881.93 | 54,021.67 | 46,871.16 |
| Total Tangible & Intangible Assets P Y | 120,062.42 | 2,631.91 | (67.50) | 122,626.83 | 70,192.80 | 5,213.76 | 482.67 | (133.56) | 75,755.67 | 46,871.16 | 49,869.62 |

A. Useful life adopted by the Company for calculation of Depreciation in respect of the following assets are less than the useful life prescribed under Schedule II of the Companies Act, 2013. The reduced useful life has been adopted in view of large number of small value assets involved and faster rate of wear and tear for Jigs & Fixtures.

- i) Individual assets costing less than ₹ 5000 - useful life 1 year.
- ii) Jigs & Fixtures valued more than ₹5.00 Lakhs capitalised - useful life 3 years.

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 | ₹716.52 Lakhs (Previous Year -₹487.17 Lakhs) |
| | b) Accumulated depreciation | ₹313.12 Lakhs (Previous Year -₹251.12 Lakhs) |
| | c) Accumulated impairment losses | ₹Nil |
| | d) (i) Depreciation recognized in the Statement of Profit & Loss | ₹96.07 Lakhs (Previous Year -₹69.07 Lakhs) |
| | (ii) Impairment losses recognized in the Statement of Profit & Loss | ₹Nil (Previous Year -₹Nil) |
| | (iii) Impairment losses reversed in the Statement of Profit & Loss | ₹Nil (Previous Year -₹Nil) |

II. Future minimum lease payments under non-cancellable operating leases – Leased cars

- (i) Not later than one year
- ₹47.24 Lakhs (Previous Year -₹53.73 Lakhs)



- | | |
|--|---|
| (ii) Later than one year but not later than five years | ₹177.76 Lakhs (Previous Year - ₹162.76 Lakhs) |
| (iii) Later than five years | ₹155.57 Lakhs (Previous Year - ₹49.52 Lakhs) |

III. Total rent recognized as income in the Statement of Profit & Loss ₹64.86 Lakhs (Previous Year - ₹45.88 Lakhs)

C. Gross value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹132.05 Lakhs (WDV - ₹58.62 Lakhs) [Previous Year - Gross Block ₹763.68 Lakhs (WDV - ₹110.96 Lakhs)].

D. Fixed Assets

- i) Buildings include cost of building at Mumbai and Ranchi pending registration / katha transfer at ₹33.00 Lakhs (Previous Year - ₹33.00 Lakhs).
- ii) The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) (A Company under orders of winding up by BIFR), and a sum of ₹100 Lakhs was paid as non-refundable deposit [included under Long Term Loans and Advances (Note 14)]. As per the terms of the Lease agreement, this deposit shall be adjusted against the outright sale/transfer of ownership that may be fixed for the property and lessee shall be free to construct new building/alter the existing building/lay roads/fence the land in the interest of furthering its business to suit its use and on expiry of the lease the said building shall vest with the lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Company had incurred on the above land a sum of ₹1452.95 lakhs (WDV - ₹1093.18 Lakhs) on Buildings [Previous Year - ₹1452.95 Lakhs (WDV - ₹1141.93 lakhs)] included in Fixed Assets (Note 10) as at year end.

Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expiring on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiry of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued. Appropriate accounting action will be considered based on the outcome of the tender process.

- iii) Lease hold Land includes leased land allotted by Kerala Industrial Infrastructure Development Corporation (KIIDC) measuring 374.59 acres for a lease premium of ₹2547.21 Lakhs (excluding Service Tax) (Previous Year - ₹2547.21 Lakhs excluding Service Tax) for 99 years lease period with effect from 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and the revised lease premium payable is ₹2544.29 Lakhs only. Adjustment in financial statement will be made on formal amendment of lease agreement by KIIDC.
- iv) Lease Hold Land includes land measuring 101175.92 Sq. Mtrs taken on perpetual lease from KIADB (Bangalore Aerospace, SEZ Park) at a cost of ₹5126.00 Lakhs (Previous Year - ₹5126.00 Lakhs).
- v) Lease Hold Land includes land at cost ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
- vi) No Provision considered necessary for impairment of assets as the realizable value of assets technically

assessed is more than the carrying cost of these assets.

- vii) Free Hold Land includes land measuring 555.37 acres at Mysore costing ₹321.23 Lakhs (including additional compensation of ₹183.57 Lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB. As per the demand of KIADB, provision of interest amounting to ₹486.60 Lakhs (Previous Year - ₹464.12 Lakhs) up to period 31st March 2016 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB. Liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB.
- viii) Free Hold Land measuring 3.647 acres of land, surrendered to BBMP against TDR (at cost) is ₹4.58 Lakhs. Free Hold Land measuring 1.937 acres of land surrendered to BBMP for which TDR yet to be received (at cost) is ₹2.43 Lakhs.

Above TDR will be utilised for further construction.

- ix) Company has taken action to obtain title documents in respect of the following immovable properties.
- | | |
|------------------------------------|---------------|
| (1) Flat at Roshan comp, Madras - | ₹4.04 Lakhs. |
| (2) Flat at Ashadeep, New Delhi - | ₹2.80 Lakhs. |
| (3) Office building at Nagpur - | ₹27.18 Lakhs. |
| (4) Lease Hold Land at Singrauli - | ₹1.75 Lakhs. |

E. Amount of borrowing cost capitalised on addition of assets during the year is as under:-

| | |
|--------------------------|---------------|
| Plant & Machinery | ₹510.51 Lakhs |
| Buildings | ₹104.88 Lakhs |
| Electrical Installations | ₹17.92 Lakhs |
| Technical Know how | ₹330.09 Lakhs |

Note 11 : Capital Work-in-Progress

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Buildings | 118.43 | 1,358.02 |
| Equipment under inspection and in transit | 69.67 | 59.11 |
| Machinery | 5,532.03 | 12,689.73 |
| Others | 163.30 | 888.12 |
| Total | 5,883.43 | 14,994.98 |

Note 11A: Intangible assets under development

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Development Expenditure for High capacity Dump Truck | 4,504.95 | 4,174.86 |
| Total | 4,504.95 | 4,174.86 |



Note 12 : Non-Current Investments

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| 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 Equity Shares of Joint Venture Company : | | |
| In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each | 542.25 | 542.25 |
| Less: Provision for diminution in value of investment in BEML Midwest Ltd. | <u>(542.25)</u> | <u>(542.25)</u> |
| Total trade investments | <u>257.60</u> | <u>257.60</u> |
| 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 | <u>0.04</u> | <u>0.04</u> |
| Total - Unquoted at cost | <u>257.64</u> | <u>257.64</u> |

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

| Names | Nature | % holding | Country of Incorporation |
|----------------------|---------------------------|-----------|--------------------------|
| BEML Midwest Limited | Jointly Controlled Entity | 45.00 | India |

- a. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2016 due to litigation pending before Company Law Board. 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. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.
- b. The Company had issued corporate guarantee to Bank for facilities extended to BEML Midwest Limited, for ₹1912.50 Lakhs. Since BEML Midwest Limited failed to pay, the Bank concerned invoked the corporate guarantee and claimed from the company. However the company has refused to pay the claim on the ground that the claim relating to forward contracts were entered into without the approval of board of BEML Midwest Limited and that the majority shareholder has misappropriated and acted beyond the mandate without complying with the terms and conditions specified by the Board of BEML Midwest Limited. The matter is pending before Debt Recovery Tribunal (DRT). The company does not envisage any cash outflow in this regard.

Note 13: Deferred Tax Assets (Net)

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Deferred Tax Liabilities (DTL) | | |
| Related to Fixed Assets | 5,125.58 | 4,146.89 |
| Special Tools | 146.81 | 135.06 |
| Total DTL (A) | 5,272.39 | 4,281.95 |
| Deferred Tax Assets (DTA) | | |
| Timing differences under the Income Tax Act, 1961 | 15,623.96 | 14,419.80 |
| Total DTA (B) | 15,623.96 | 14,419.80 |
| Net Total (B-A) | 10,351.57 | 10,137.85 |

Note 14 : Long-Term Loans and Advances

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Capital Advances | 103.22 | 121.37 |
| Security Deposits | 839.10 | 780.97 |
| Loans and Advances to Related Parties [refer Note No.31 (C)] | 601.44 | 601.20 |
| Inter Corporate Loan | 2,451.83 | 3,269.11 |
| Other loans and advances [see note (a) below] | 6,070.12 | 6,040.47 |
| Advance Income Tax (net of provision) | 12,618.77 | 12,493.99 |
| Pre paid expenses & Other advances | 131.82 | 83.90 |
| Sub-total | 22,816.30 | 23,391.01 |
| Doubtful | | |
| Other Loans and Advances | 120.19 | 120.19 |
| Less : Provision for doubtful advances | 120.19 | 120.19 |
| Sub-total | - | - |
| Total | 22,816.30 | 23,391.01 |
| Due by officers of the company | 30.43 | 23.96 |

- a. The Company has entered into a Consortium Agreement (MAMC Consortium) 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 ₹4800.00 Lakhs towards the total bid consideration of ₹10000.00 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 MAMC Consortium. Further, the Company has incurred a sum of ₹875.68 Lakhs (Previous Year - ₹818.55 Lakhs) towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of ₹5675.68 Lakhs (Previous Year - ₹5618.55 Lakhs) is included under the head 'Other Loans and Advances', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, no independent valuation of the assets taken over has been done and the diminution in value of investments, if any, can be ascertained only after the formulation of business plan and approval of shareholders'



agreement from MoD and consequential share allotment.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly-owned subsidiary company for the intended purpose of JV formation. 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 JV Company. The Company has advanced a sum of ₹601.44 Lakhs (Previous Year - ₹601.20 Lakhs) on account of MIL, which is included under the head 'Loans and Advances to related parties'.

Note 15 : Other Non-Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--------------------|--------------------------|--------------------------|
| Others | | |
| Gold coins on Hand | 9.84 | 9.57 |
| Special Tools | 424.21 | 397.35 |
| Total | <u>434.05</u> | <u>406.92</u> |

Note 16 : Current Investments

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Short 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 | 185.55 |
| Less: Provision for diminution in value | (123.41) | (105.53) |
| Total | <u>62.14</u> | <u>80.02</u> |

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

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Raw materials & Components | 42,998.98 | 38,871.58 |
| Provision for obsolescence - Raw Material | (739.67) | (616.85) |
| Raw materials & Components in Transit | 864.41 | 3,549.17 |
| Stores and Spares | 1,991.35 | 2,225.50 |
| Work-in-Progress | 50,059.12 | 58,494.87 |
| Finished Goods | 38,510.28 | 48,479.07 |
| Provision for obsolescence - Finished Goods | (1,613.68) | (1,734.71) |
| Finished Goods in Transit | 202.47 | 5,848.64 |
| Stock of Spares | 36,401.77 | 35,522.54 |
| Provision for obsolescence - Stock of Spares | (2,509.66) | (2,077.02) |
| Stock of Spares in Transit | 835.24 | 726.98 |
| Hand tools | 2,031.90 | 1,789.13 |
| Scrap | 599.32 | 1,040.88 |
| Total | <u>169,631.83</u> | <u>192,119.78</u> |

- a. Raw materials & Components include materials lying with sub contractors ₹2087.38 Lakhs (Previous Year - ₹1101.09 Lakhs).
- b. 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.
- c. 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.
- d. Provision towards obsolescence is made as per the provisioning norms and is based on ageing of inventory.
- e. The Carbon Credits are included under Finished Goods at a total value of ₹3.83 Lakhs [21.53 per unit of Verified Emission Reductions (VERs)]. Total VERs certified and pending for realization is 17785 Nos. The Certified Emission Reduction (CER) is valued at cost as required by Guidance Note on CER issued by ICAI.

Note 18 : Trade Receivables

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Outstanding for period exceeding six months * | 53,184.43 | 41,498.62 |
| Others | 67,620.67 | 57,671.03 |
| Unsecured, considered doubtful | | |
| Outstanding for period exceeding six months | 14,970.87 | 15,767.77 |
| Allowance for bad and doubtful debts | 14,970.87 | 15,767.77 |
| Total | 120,805.10 | 99,169.65 |

- * i. Trade receivables - Outstanding for period exceeding six months 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.
- ii. Trade receivables - Outstanding for period exceeding six months include ₹4899.99 Lakhs (Previous Year ₹4899.99 Lakhs) towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with Ministry of Defence (MoD) in 2001. This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation.

As the import of materials was from a country in the European Union which adopted Euro as its International transaction currency, the company was forced to import in Euro currency from January, 2007 to meet its obligations under the contract. The Euro as a trading currency was not contemplated at the time of entering the contract placed by the customer.



The request for amendment from US Dollar to Euro and the consequential Escalation and Exchange Rate variation is pending with the customer. The company does not expect any material impact on this account, sequel to the reassessment of the escalation and exchange rate variation, based on an acceptable formula for the customer.

Note 19 : Cash and Cash Equivalents*(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|----------------------------------|----------------------------------|
| Balances with Banks | 6,473.97 | 14,226.62 |
| Balances with Banks - Unclaimed Dividend | 37.59 | 42.53 |
| Cheques, drafts on hand | 35.06 | 191.23 |
| Cash on hand | 9.56 | 12.64 |
| Total | <u>6,556.18</u> | <u>14,473.02</u> |

Note 20 : Short-Term Loans and Advances*(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|----------------------------------|----------------------------------|
| Unsecured, considered good | | |
| Balances with Public Utility concern | 4.17 | 13.77 |
| Loans and Advances to Related Parties [refer Note No.31 (C)] | 333.59 | 720.88 |
| Inter Corporate Loan | 817.28 | 817.28 |
| Balances with Govt. departments for Customs Duty, Excise Duty etc including receivables | 1,240.12 | 237.29 |
| Advance to Vendors | 4,496.68 | 3,443.21 |
| Employee Advance | 360.60 | 414.29 |
| Duties & Taxes | 6,067.97 | 4,164.36 |
| Cenvat / VAT Balances | 5,794.79 | 5,857.01 |
| Pre paid expenses & Other advances | 1,566.79 | 963.41 |
| Sub-total | <u>20,681.99</u> | <u>16,631.50</u> |
| Doubtful | | |
| Advance to vendors | 4,114.66 | 4,107.14 |
| Less : Provision for doubtful advances | 4,114.66 | 4,107.14 |
| Sub-total | - | - |
| Total | <u>20,681.99</u> | <u>16,631.50</u> |
| Due by Officers of the Company | 45.22 | 160.65 |

Note 21 : Other Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--------------------------------------|--------------------------|--------------------------|
| Interest accrued on bank deposits | - | 7.28 |
| Claims receivable | 12,963.14 | 11,339.46 |
| Unbilled revenue | 3,326.21 | 25,037.71 |
| Sub-total | 16,289.35 | 36,384.45 |
| Doubtful | | |
| Claims receivable | 4,640.30 | 2,508.01 |
| Less : Provision for doubtful claims | 4,640.30 | 2,508.01 |
| Sub-total | - | - |
| Total | 16,289.35 | 36,384.45 |

i. Claims receivable include:

- a. Claim Lodged pending under reconciliation amounting to ₹2216.14 Lakhs (Previous Year - ₹319.36 Lakhs).
- b. Claim lodged with Railway Board for excise duty and corresponding sales tax claim of ₹764.78 Lakhs (Previous Year - ₹1452.54 Lakhs).

The Company doesn't expect any material impact on the final realization of the above amounts.

Note 22 : Revenue including Excise Duty

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| (a) Sale of products: | | |
| Earth Moving Equipment | 97,442.24 | 100,172.42 |
| Rail & Metro Products | 101,860.34 | 89,738.09 |
| Defence Products | 34,289.09 | 13,105.26 |
| Traded Goods | 57.82 | 58.00 |
| Spare Parts | 68,932.71 | 68,399.39 |
| Wind Energy | 370.68 | 265.06 |
| Sub-total | 302,952.88 | 271,738.22 |
| (b) Sale of services; | | |
| Equipment Servicing | 23,081.37 | 24,914.52 |
| Sub-total | 23,081.37 | 24,914.52 |
| (c) Other operating revenues | | |
| Export incentives | 310.61 | 171.31 |
| Sale of Scrap | 2,399.05 | 3,092.77 |
| Sub-total | 2,709.66 | 3,264.08 |
| Revenue including Excise Duty | 328,743.91 | 299,916.82 |



- i. The company has entered into a consortium agreement with one international partner for the supply of Metro coaches to Delhi Metro Rail Corporation Ltd, (DMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on DMRCL and terminal excise duty and CST 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 2016 | For the Year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Rail & Metro Products | 115,718.86 | 102,786.67 |
| Other products, services and other operating revenue | 226,883.57 | 210,178.73 |
| Sub-total | 342,602.43 | 312,965.40 |
| Less: Value of Consortium Supplies | 13,858.52 | 13,048.58 |
| Revenue including Excise Duty | 328,743.91 | 299,916.82 |

ii. Accounting Standard 7 (Accounting for Construction Contracts)

Revenue includes revenue recognised on percentage of completion method as detailed below;

(₹ in Lakhs)

| Particulars | 2015-16 | 2014-15 |
|---|----------|----------|
| a) Contracts revenue recognized during the year | 1,806.80 | 1,647.16 |
| b) Disclosure in respect of Contracts in Progress as at 31st March 2016 | | |
| (i) Aggregate amount of cost incurred | 3,453.96 | 1,647.16 |
| (ii) Recognized profit (less recognized losses, if any) net of provision for contingency | Nil | Nil |
| (iii) Amount of advances received and outstanding | Nil | Nil |
| (iv) The amount of retention | Nil | Nil |

- c) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts up to 31.03.2016 to the estimated total cost of the contract, is used to determine the stage of completion.

Note 23 : Other Income

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Interest Income | | |
| - From Banks | 100.73 | 19.82 |
| - From Inter Corporate Loans | 456.69 | 797.33 |
| - From Other Advances | 126.50 | - |
| - Others | 66.00 | 128.79 |
| Net gain on sale of Fixed Assets | 5.17 | 18.94 |
| Income from Commission | 1.78 | 0.84 |
| Provisions written back | | |
| - Doubtful debts & Advances | - | 243.22 |
| - Others | 1,387.32 | 3,272.60 |
| Other non-operating income | 1,757.99 | 1,468.88 |
| Total | 3,902.18 | 5,950.42 |

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

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| a) Interest on Call and Term Deposit from Banks | 10.07 | 0.81 |
| b) Interest on Inter Corporate Loans | 45.67 | 79.72 |
| c) Others | 10.59 | 8.22 |

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

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Cost of Materials consumed for manufactured products | 147,673.25 | 137,335.86 |

Note 24A : Purchase of Stock-in-trade*(₹ in Lakhs)*

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|----------------------------|---------------------------------------|---------------------------------------|
| Purchase of Stock-in-trade | 51.21 | 31.90 |

Note 25 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade *(₹ in Lakhs)*

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|------------------------------|---------------------------------------|---------------------------------------|
| Opening Stock | | |
| Work-in-progress | 58,494.87 | 57,929.22 |
| Finished Stock | 52,593.00 | 73,769.61 |
| Scrap | 1,040.88 | 1,356.30 |
| | <u>112,128.75</u> | <u>133,055.13</u> |
| Closing Stock | | |
| Work-in-progress | 50,059.12 | 58,494.87 |
| Finished Stock | 37,099.07 | 52,593.00 |
| Scrap | 599.32 | 1,040.88 |
| | <u>87,757.51</u> | <u>112,128.75</u> |
| (Increase) / Decrease | | |
| Work-in-progress | 8,435.75 | (565.65) |
| Finished Stock | 15,493.93 | 21,176.61 |
| Scrap | 441.56 | 315.42 |
| Total | <u>24,371.24</u> | <u>20,926.38</u> |



Note 26 : Employee Benefits Expense

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Salaries, Wages & Bonus | 56,842.03 | 55,409.35 |
| Leave Salary | 4,609.43 | 5,789.81 |
| Contribution to: | | |
| - Gratuity Fund | 786.07 | 3,719.78 |
| - Provident Fund and Other Funds | 5,752.86 | 5,714.25 |
| Post retirement medical scheme | 2,184.61 | 215.95 |
| Staff welfare expenses | 7,104.60 | 6,491.90 |
| - Less receipts | 490.53 | 429.65 |
| Net staff welfare expenses | 6,614.07 | 6,062.25 |
| Total | 76,789.07 | 76,911.39 |

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 (Unfunded) 2006-08 (LIC) (Ultimate) | Previous Year (Unfunded) 2006-08(IALM) (Ultimate) |
|------------------------------|---|--|
| Mortality Table | 7.80% | 7.80% |
| Discount rate | 5.00% | 5.00% |
| Rate of escalation in salary | | |

b. Post Retirement Medical Scheme

(i) Employees

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

| Actuarial Assumptions | Current Year (Unfunded) | Previous Year (Unfunded) |
|---|----------------------------|-----------------------------|
| Expected proportion of the existing employees who will opt for the scheme at the time of retirement | 40.00% | 35.00% |
| Discount rate | 7.80% | 7.80% |
| Long term Medical inflation | 2.70% | 2.70% |

(ii) Officers

For officers, during the year 2015-16 a new Post-Retirement Medical Scheme has been introduced where a percentage of Basic salary and DA of officers will be contributed to a separate fund and the fund arrange to provide medical insurance to retired officers. Company has no further liability other than the contribution to the fund. Hence the scheme is a defined contribution plan and no actuarial valuation is required.

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 needs to be provided for the year.

| Actuarial Assumptions | Current Year | Previous Year |
|---|---------------------|----------------------|
| | (Funded) | (Funded) |
| Discount rate | 7.80% | 7.84% |
| Rate of escalation in salary | 5.00% | 5.00% |
| Interest Rate Guarantee on Provident Fund | 8.75% | 8.75% |

d. Officers Pension Scheme

Based on the guidelines of Ministry of Defence, Company has implemented "BEML Executive Superannuation (Pension) Scheme" for Officers of the Company. The Scheme is a defined contribution plan and the contribution made is being charged off in the year of contribution. Being a defined contribution plan no actuarial valuation is done.

e. 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 01.04.2015 | 36,874.78 | 35,479.96 |
| Interest Cost | 2,876.23 | 2,986.05 |
| Current Service Cost | 715.02 | 854.41 |
| Benefits Paid | (5,100.37) | (5,332.34) |
| Actuarial (gain)/loss on obligations | 110.06 | 2,886.70 |
| Present value of obligation at 31.03.2016 | 35,475.72 | 36,874.78 |
| Changes in the Fair value of Plan assets | | |
| Fair value of plan assets at 01.04.2015 | 35,655.00 | 34,203.66 |
| Expected return on plan assets | 3,262.43 | 3,008.31 |
| Contributions | 2,219.78 | 3,776.30 |
| Benefits paid | (5,100.37) | (5,332.34) |
| Actuarial gain/(loss) on plan assets | (347.19) | (0.93) |
| Fair value of plan assets at 31.03.2016 | 35,689.65 | 35,655.00 |
| Reconciliation of obligations and fair value of plan assets | | |
| Present value of obligation at 31.03.2016 | 35,475.72 | 36,874.78 |
| Fair value of plan assets at 31.03.2016 | 35,689.65 | 35,655.00 |
| Funded Status | 213.93 | (1,219.78) |
| Asset / (Liability) recognized during the year | 213.93 | (1,219.78) |
| Expenses recognized during the year | | |
| Current Service Cost | 715.02 | 854.41 |
| Interest Cost | 2,876.23 | 2,986.05 |
| Expected return on plan assets | 3,262.43 | 3,008.31 |
| Actuarial (gain)/loss on obligation | 110.06 | 2,886.70 |
| Actuarial gain/(loss) on plan assets | (347.19) | (0.93) |
| Net Cost | 786.07 | 3,719.78 |
| Investment Details | % | % |
| GOI Bonds | 0 | 0 |
| Others | 0 | 1 |
| Investment with LIC | 100 | 99 |
| Actuarial Assumptions | | |
| Gratuity | (Funded) | (Funded) |
| Mortality Table | 2006-08 (LIC) | 2006-08 (IAL) |
| | (Ultimate) | (Ultimate) |
| Discount rate | 7.80% | 7.80% |
| Rate of return on plan assets | 8.50% | 9.15% |
| Rate of escalation in salary | 5.00% | 5.00% |



- f. 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 2016 | For the Year ended 31st March 2015 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Interest expense | | |
| On Cash Credit & Short term Loans | 1,322.04 | 3,002.48 |
| On Long Term Loans | 529.21 | 826.25 |
| On Non-convertible Debentures | 2,097.19 | 1,911.29 |
| On Inter Corporate Loans | 754.25 | 1,016.32 |
| On MSE vendors | 112.40 | 243.08 |
| Others | 87.72 | 51.99 |
| Total | 4,902.81 | 7,051.41 |

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the Year is ₹699.97 Lakhs (Previous Year - ₹896.70 Lakhs). Out of this a sum of ₹Nil (Previous Year - ₹Nil) related to previous year.

Note 28 : Other Expenses

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| Consumption of stores and spare parts | 655.35 | 843.10 |
| Consumable Tools | 619.24 | 340.08 |
| Power and fuel | 3,252.06 | 3,304.76 |
| Rent | 393.06 | 363.67 |
| Hire Charges | 615.21 | 572.04 |
| Repairs & Maintenance | | |
| Machinery & Equipment | 581.52 | 467.00 |
| Buildings | 544.89 | 467.45 |
| Others | 933.72 | 902.20 |
| Amortisation of Special Tools | 255.44 | 209.52 |
| Stationery | 130.40 | 138.37 |
| Insurance | 264.32 | 932.25 |
| Rates & Taxes | 607.29 | 385.41 |
| Bank Charges | 706.51 | 519.78 |
| Postage, Telephones and Courier etc., | 345.46 | 333.66 |
| Commission on sales | 53.47 | 581.43 |
| Remuneration to Auditors (refer note 'b' below) | 24.92 | 39.13 |
| Legal & Professional Charges | 213.57 | 190.52 |
| Travelling Expenses | 1,547.73 | 1,133.16 |
| Publicity & Public Relations | 325.11 | 199.53 |
| Loss on Sale of Fixed Asset | 19.25 | 3.20 |
| Obsolescence | 555.45 | 702.60 |
| Bad Debts Written off | 384.95 | 146.72 |
| Defects & Spoilages | 37.18 | 105.04 |
| Works Contract Expenses | 4,506.02 | 3,837.13 |
| Expenses on Maintenance Contracts | 3,326.91 | 3,072.39 |
| Sundry Direct Charges | 1,430.08 | 2,146.23 |
| Freight charges | 2,857.44 | 2,913.67 |
| Expenditure on CSR Activities | 459.67 | 326.64 |
| Excise duty on increase / (decrease) in Stock | (2,042.02) | (1,155.78) |
| Provision for Doubtful Debts & Advances | 1,966.50 | 3,616.54 |
| Provision for diminution in value of Current Investment | 17.88 | 49.04 |
| Warranty & Unexpired Obligations | 2,801.87 | 2,403.31 |
| Liquidated damages on sales | 129.51 | 67.01 |
| Miscellaneous expenses [refer Note 28(a)] | 8,128.95 | 8,592.12 |
| Total | 36,648.91 | 38,748.92 |

a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹458.66 Lakhs. (Previous Year - ₹502.66 Lakhs).

b. Break up of Remuneration to Auditors :
(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| (a) As Auditor | 9.30 | 9.30 |
| (b) Half yearly Audit fee | 4.00 | 4.00 |
| (c) For taxation matter | 2.70 | 4.20 |
| (d) Other Services - Certification Fees | 7.77 | 8.30 |
| (e) Reimbursement of Expenses | 1.15 | 13.33 |
| Total | 24.92 | 39.13 |

Note 29 : Exceptional Items
(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Income | | |
| Liability Written back | - | 14.66 |
| | - | 14.66 |
| Expenditure | - | - |
| Net Income / (Expenditure) | - | 14.66 |

Note 30 : Prior Period Items
(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Income | | |
| Inspection charges | 0.39 | - |
| Carbon credit | 3.83 | - |
| Re-imburement of Transport expenses | - | 4.14 |
| | 4.22 | 4.14 |
| Expenditure | | |
| Depreciation | 38.09 | 14.86 |
| Liquidated damages | 55.24 | - |
| Repairs & Maintenance | - | (45.80) |
| Miscellaneous expenses | - | 8.46 |
| | 93.33 | (22.48) |
| Net income / (Expenditure) | (89.11) | 26.62 |

Note 31 : Other Disclosures
A. Basic/ Diluted Earnings Per Equity Share

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Net Profit / (Loss) after Tax (₹in Lakhs) | 5,265.46 | 675.57 |
| Average Number of Shares | 41,644,500 | 41,644,500 |
| Earnings Per Share (Basic and Diluted) – | 12.64 | 1.62 |
| Face Value ₹10/- Per Share (Amount in ₹) | | |



- B.** In terms of Notification No. S.O.2437(E) dated 04-09-2015 of the Ministry of Corporate Affairs, the Board at its meeting held on 27.05.2016 has given consent with regard to non-disclosure of information as required under paragraphs 5(ii) (a) (1), 5(ii) (a) (2), 5(iii) and Para 5(viii) (a), (b), (c) and (e) of Part II to Schedule III of the Companies Act, 2013, in the Annual accounts for the Financial Year 2015-16 onwards.

C. 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 | 2015-16 | 2014-15 |
|---|----------|----------|
| Sales | 677.25 | 837.57 |
| Purchases | 3,216.58 | 3,221.85 |
| Amount recoverable as on 31st March | 202.26 | 589.34 |
| Equity Investment held as on 31st March (at cost) | 252.60 | 252.60 |
| Salaries charged to VIL for BEML personnel deputed there. | 61.55 | 54.87 |

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

Details of Transactions

(₹ in Lakhs)

| Particulars | 2015-16 | 2014-15 |
|---|---------|---------|
| Equity Investment held as on 31st March (at cost) | 5.00 | 5.00 |
| Advances recoverable as on 31st March | 601.44 | 601.20 |

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

Details of Transactions

(₹ in Lakhs)

| Particulars | 2015-16 | 2014-15 |
|--|---------|---------|
| 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 | 2015-16 | 2014-15 |
|---|----------|----------|
| Sales | - | - |
| Purchases | - | - |
| Advances recoverable as on 31st March | 131.33 | 131.54 |
| Corporate Guarantee given to Bankers as on 31st March (refer Note 12 (b)) | 1,912.50 | 1,912.50 |
| Amount payable towards supplies as on 31st March | 230.00 | 230.00 |
| Equity Investment held as on 31st March (at cost) | 542.25 | 542.25 |

v. Remuneration to key management personnel

(₹ in Lakhs)

| Name | 2015-16 | 2014-15 | Designation |
|---------------------------|---------|---------|----------------------------------|
| Shri. P. Dwarakanath | 41.19 | 39.20 | Chairman & Managing Director |
| Shri. C.N. Durgesh* | 30.38 | 33.09 | Director (Mining & Construction) |
| Shri. P.R. Naik* | 32.40 | 32.65 | Director (Defence) |
| Shri. D.K. Hota | 35.07 | 31.95 | Director (HR) |
| Shri. Pradeep Swaminathan | 33.59 | 29.71 | Director (Finance) |
| Shri. Aniruddh Kumar | 29.26 | 26.28 | Director (Rail & Metro) |
| Shri. B R Viswanatha* | 7.31 | - | Director (Mining & Construction) |
| Shri. R H Muralidhara* | 6.71 | - | Director (Defence) |
| Shri. M E V Selvamm | 16.09 | 14.97 | Company Secretary |

* For part of the year.

- vi. Considering the wide scope of the definition of Related Party under section 2(76), Relative under section 2(77) and Key Managerial Personnel under section 2(51) of Companies Act, 2013 and the requirement under Accounting Standard 18 and Listing Agreement, the disclosure with respect to Related Party transactions has been restricted to Subsidiary / Joint Venture / Associate companies and to any other Related Party as declared by Directors and Key Managerial Personnel. Accordingly, the compliance with Related Party Transactions under section 188, Accounting Standard 18 and Listing Agreement has been made to the extent data is available with the Company.

D. Contingent liabilities & Commitments**I. Contingent liabilities**

- a. Claims against the Company not acknowledged as debts
- Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT etc.) - ₹57046.22 Lakhs (Previous Year - ₹47797.57 Lakhs).
 - Other claims - legal cases etc. ₹52629.58 Lakhs (Previous Year - ₹50409.61 Lakhs). (This include a claim amounting to ₹38681.39 Lakhs against which the company has lodged a counter claim of ₹31403.92 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). The matter is subjudice.
- c. Other money for which the company is contingently liable - ₹Nil (Previous Year - ₹11.29 Lakhs).

II. Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for ₹2270.81 Lakhs (Previous Year - ₹1964.44 Lakhs)
- Uncalled liability on shares and other investments partly paid - ₹Nil (Previous Year - `Nil).
- Other commitments (specify nature) - ₹Nil (Previous Year - ₹Nil).

NOTES

- The company does not expect any cash outflow in respect of above contingent Liabilities.
- 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.
- The cash flow in respect of matters referred to in I (b) above is generally expected to occur within 3 years. However, the matter is under adjudication before DRT.

E. Aggregate amount of Research & Development Expenses:

(₹ in Lakhs)

| Particulars | 2015-16 | 2014-15 |
|-----------------------|----------|----------|
| Revenue Expenditure* | 5,589.74 | 8,244.39 |
| Capital Expenditure** | 1,072.77 | 47.17 |

* 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 2016 | For the Year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Material Cost | 421.90 | 277.18 |
| Employee Remuneration | 3,400.21 | 3,359.21 |
| Depreciation | 763.43 | 862.26 |
| Power and Fuel | 211.79 | 166.78 |
| Repairs and Maintenance | 20.72 | 17.76 |
| Consumable Tools | 2.24 | 2.77 |
| Travelling | 112.85 | 103.95 |
| Other Expenses | 855.53 | 653.43 |
| Cost of Sales of Prototype sold | 564.50 | 3,663.31 |
| Total R&D Revenue Expenditure | 6,353.17 | 9,106.65 |
| Less: Depreciation | 763.43 | 862.26 |
| Net R & D Expenditure | 5,589.74 | 8,244.39 |
| Sale value of prototype sold - included in net Sales | 1,161.00 | 5,710.02 |

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2016 is as below.

b. Research & Development Capital Expenditure

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
|---|-----------------|-----------------|---|------------------|-----------------|---------------|-------------------------------|---|-----------------|-----------------|-----------------|
| | As at | Additions | Deduction / Re-classification & Adjustments | As at | As at | For the Year | Adj against Retained Earnings | Deduction / Re-classification & Adjustments | As at | As at | As at |
| | 01.04.2015 | During the Year | During the Year | 31.03.2016 | 01.04.2015 | Year | During the Year | During the Year | 31.03.2016 | 31.03.2016 | 31.03.2015 |
| Tangible Assets | | | | | | | | | | | |
| Land | | | | | | | | | | | |
| Free Hold | 3.29 | - | - | 3.29 | - | - | - | - | - | 3.29 | 3.29 |
| Lease Hold | - | - | - | - | - | - | - | - | - | - | - |
| Roads & Drains | 51.39 | - | (14.81) | 36.58 | 49.75 | 1.44 | - | (17.81) | 33.38 | 3.20 | 1.64 |
| Water Supply Installations | 12.60 | - | - | 12.60 | 12.48 | 0.01 | - | (0.01) | 12.48 | 0.12 | 0.12 |
| Buildings | 508.92 | - | (2.62) | 506.30 | 396.97 | 19.74 | - | (6.62) | 410.09 | 96.21 | 111.95 |
| Plant, Machinery and Equipment | 3,998.52 | 22.56 | (374.71) | 3,646.37 | 3,438.03 | 84.65 | - | (344.31) | 3,178.37 | 468.00 | 560.49 |
| Electrical Installation | 171.04 | 9.65 | 12.49 | 193.18 | 160.52 | 1.89 | - | 14.82 | 177.23 | 15.95 | 10.52 |
| Furniture & Fixtures | 259.64 | 2.06 | 12.36 | 274.06 | 212.11 | 11.84 | - | 8.16 | 232.11 | 41.95 | 47.53 |
| Transport Vehicles | 67.85 | 9.09 | 5.33 | 82.27 | 50.86 | 5.82 | - | (0.91) | 55.77 | 26.50 | 16.99 |
| Computers & Data processing units | 779.50 | 90.71 | 338.48 | 1,208.69 | 760.27 | 20.79 | - | 319.59 | 1,100.65 | 108.04 | 19.23 |
| Intangible Assets | | | | | | | | | | | |
| Software | 1,203.95 | 938.70 | 0.32 | 2,142.97 | 1,011.08 | 127.75 | - | 0.03 | 1,138.86 | 1,004.11 | 192.87 |
| Technical Knowhow | 2,937.02 | - | - | 2,937.02 | 1,819.66 | 489.50 | - | - | 2,309.16 | 627.86 | 1,117.36 |
| Total Tangible & Intangible Assets | 9,993.72 | 1,072.77 | (23.16) | 11,043.33 | 7,911.73 | 763.43 | - | (27.06) | 8,648.10 | 2,395.23 | 2,081.99 |
| Previous Year | 9,953.72 | 47.17 | (7.17) | 9,993.72 | 7,031.97 | 862.26 | 28.86 | (11.36) | 7,911.73 | 2,081.99 | 2,921.75 |

F. Accounting Standard 17 (Segment Reporting)

In view of Notification No. GSR 463(E) dated 05-06-2015 (Serial no. 8) issued by Ministry of Corporate Affairs, exempting companies engaged in Defence Production from the application of Accounting Standard 17 (Segment Reporting), disclosure requirements under AS - 17 has not been made.

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.

I. Disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements), the required information is given as under:

(₹ in Lakhs)

| Particulars | Maximum amount | | | |
|--|----------------|------------|-----------------------------------|------------|
| | Amount as on | | outstanding during the year ended | |
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| i. Loans and Advances in the nature of loans: | | | | |
| A. To Subsidiary Companies | - | - | - | - |
| B. To Associates / Joint Venture | - | - | - | - |
| C. To Firms / Companies in which directors are interested | - | - | - | - |
| D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act, 2013 | - | - | - | - |
| ii. Investment by the loanee (as detailed above) in the share of BEML and its subsidiaries | - | - | - | - |



INDEPENDENT AUDITOR'S REPORT

To the Members of BEML LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **BEML LIMITED** (“the **Company**”) which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Management and Board of Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Emphasis of Matter:

We draw our attention to:

a) Note No.18 (i) in respect of Trade receivables from Ministry of Defence (MOD) ₹925.87 lakhs towards interest rate difference on advance amount received from MOD. This amount pertains to interest rate difference between deposit rate and interest recovered @ 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. And Note No. 18(ii) in respect of Trade receivable from MOD ₹4899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The realisation of these receivables depends on the final determination of the amount payable by the MOD.

b) Note No.14 (a) in respect of the amount advanced to MAMC consortium for ₹5675.68 lakhs, valuation of which depends on approval from Ministry of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.

c) Note No.31 (G) regarding pending review/adjustment of old balances and non receipt of confirmation of balance in respect of advances, balances with government departments, trade payable, trade receivable, 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and 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 it appears from our examination of those books ;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. being a Government Company provisions of Sec 164(2) of the Act, relating to disqualification of directors are not applicable.
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31(D)(1)(a)(ii) to the financial statements;
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by section 143 (5) of the Act, we give our separate Report in “**Annexure C**”.

For S.R.R.K Sharma Associates
Chartered Accountants
Firm Registration Number: 003790S

CA H R RAMASWAMY
Partner
Membership No. : 207116

Place: Bengaluru
Date: 27.05.2016

“ANNEXURE A” TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements of our report of even date to the members on the standalone financial statements of the Company for the year ended March 31, 2016:

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that,

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and as informed to us, no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company except in the following cases.
 - 1) As explained to us, Building costing ₹33.00 lakhs situated at Mumbai and Ranchi are pending for registration / khatha transfer .
 - 2) As explained to us, Lease Hold land costing ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
 - 3) As explained to us, free hold land measuring 555.37 acres at Mysore costing ₹321.23 lakhs (including additional compensation of ₹183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
 - 4) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted Leased land measuring 374.59 acres for a lease premium of ₹2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is ₹2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
 - 5) As explained to us, the Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of ₹100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of ₹1452.95 lakhs (WDV ₹1093.18 Lakhs) on Buildings included in Fixed Assets (Note 10) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease



agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.

- 6) As explained to us, the Company has taken action to obtain title documents in respect of the following immovable properties;
- a) Flat at Roshan Complex Madras - ₹4.04 lakhs
 - b) Flat at Ashadeep, New Delhi - ₹ 2.80 lakhs
 - c) Office Building at Nagpur - ₹27.18 lakhs
 - d) Lease Hold land at Singrauli - ₹1.75 lakhs.
- ii) The company has conducted the physical verification of the inventory excluding materials lying with third parties and work in progress during the year in accordance with programme designed to cover all items over a phased manner. According to the information and explanation given to us, and in our opinion the frequency of physical verification is reasonable. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) (b) and (c) of the Order are not applicable to the Company.
- iv) There are no transactions of loans to directors, and being a Government Company engaged in defence production, provisions of Sec 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security are not applicable.
- v) The Company has not accepted any deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under and also the directions issued by the Reserve Bank of India.
- vi) Maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. We are of the opinion that prima facie, the prescribed records have been made and maintained.
- vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date they become payable.
- (b) The details of dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, is furnished below :-

| <i>Name of the Statute</i> | <i>Nature of Disputed Tax</i> | <i>Amount (₹ Lakhs)</i> | <i>Period to which the Amount relates</i> | <i>Forum where the dispute is pending</i> |
|---|--|-------------------------|--|--|
| Central Excise Act 1944 | Excise Duty incl. Interest and Penalty | 31043.48 | 2003-04 to 2007-08 | CESTAT, Bangalore |
| | Excise Duty incl. Interest and Penalty | 788.44 | 2005-06 to 2010-11 | Appellate Authority |
| | National Calamity Contingency Duty | 6441.98 | 2006-07 to 2011-12 | CESTAT |
| Total Excise Duty | | 38273.90 | | |
| Service Tax Act, 1994 | Service Tax incl. penalty | 817.16 | 2004-05, 2006 -07 & 2010-11 | CESTAT, Bangalore |
| | Service Tax | 494.07 | 2006-07 to 2010-11 | Appellate Authority |
| Total Service Tax | | 1311.23 | | |
| The Customs Act, 1962 | Customs Duty | 7036.07 | 2006-07 | CESTAT, Chennai |
| Total Customs Duty | | 7036.07 | | |
| The Karnataka Municipal Corporation Act, 1976 | Municipality Taxes KGF | 754.11 | 2012 | City Municipality council - KGF |
| | Property Tax | 109.11 | 1995-96 to 2005-06 | City Civil Judge, Bangalore |
| Total ED, Service Tax & CD | | 47484.42 | | |
| Sales Tax Act of Various States | Sales Tax /VAT | 9.79 | 2003-04 | Maharashtra Sales Tax tribunal |
| | Sales Tax /VAT | 5500.70 | December 2005 to March 2008 & 2008-09, 2009-10, 2010-11 | Karnataka Sales Tax tribunal |
| | Sales Tax /VAT | 892.69 | 1999-00, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2009-10 | Revision & Appellate Board of Various States |
| | Sales Tax /VAT | 3158.62 | From 1983-84 to 2012-13 | Other appellate authorities |
| Total Sales Tax / VAT | | 9561.80 | | |
| Total | | 57046.22 | | |



- viii) The Company has not defaulted in repayment of loans or borrowings due to financial institutions, banks, Government and to debenture holders.
- ix) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Being a Government Company, the provisions of sec 197 read with schedule V to the Act, relating to the managerial remuneration are not applicable.
- xii) The Company is not a Nidhi Company and accordingly paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii) All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed under Note 31C in the Financial Statements as required by the applicable Accounting Standards.
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) The company has not entered into any non-cash transactions with directors or persons connected with him. Hence, the provisions of Sec 192 of the Act are not applicable.
- xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. and accordingly paragraph 3 (xvi) of the Order is not applicable to the Company.

For S.R.R.K Sharma Associates

Chartered Accountants

Firm Registration Number: 003790S

CA H R RAMASWAMY

Partner

Membership No. : 207116

Place: Bengaluru

Date: 27.05.2016

“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of BEML Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of BEML Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R.R.K Sharma Associates

Chartered Accountants

Firm Registration Number: 003790S

CA H R RAMASWAMY

Partner

Membership No. : 207116

Place: Bengaluru

Date: 27.05.2016

“Annexure C” to the Independent Auditor's Report of even date on the Standalone Financial Statements of BEML Limited

Report as required by section 143(5) of the Act, 2013 relating to the directions issued by the Comptroller and Auditor General of India.

- 1) Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?

Comment: In the following cases clear title/lease deeds for freehold and leasehold properties are not available with the Company;

- i) Free hold land measuring 555.37 acres at Mysore costing ₹321.23 lakhs (including additional compensation of ₹183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
- ii) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted leased land measuring 374.59 acres for a lease premium of ₹2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is ₹2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
- iii) The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of ₹100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of ₹1452.95 lakhs (WDV ₹1093.18 Lakhs) on Buildings included in Fixed Assets (Note 10) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.
- iv) Building costing ₹33.00 lakhs situated at Mumbai and Ranchi are pending for registration / Katha transfer.
- v) Lease Hold land costing ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
- vi) The Company has taken action to obtain title documents in respect of the following immovable properties.



- a) Flat at Roshan Complex Madras - ₹4.04 lakhs
- b) Flat at Ashadeep, New Delhi - ₹2.80 lakhs
- c) Office building at Nagpur - ₹27.18 lakhs
- d) Lease Hold land at Singrauli - ₹1.75 lakhs.

2) Whether there are any cases of waiver/writeoff of debts/loans/interest etc? if yes, the reasons there for and amount involved ?

Comment: There are no instances of waiver of debts/loans/interest etc., However, Bad debt of ₹384.95 lakhs were written off during the year with the approval of the Board as it was not realizable with all possible efforts being made.

3) Whether proper records are maintained for inventories, lying with third parties and assets received as gift/grant(s) from the Government or other authorities?

Comment: The Company is maintaining proper records for inventories lying with the third parties in the ERP system.

The Company received land measuring 1849 Acres and 5 Guntas at KGF from Government of Karnataka at free of cost. The expenditure incurred on development of above land is capitalized and included under Fixed Assets – Land (Free hold).

For S.R.R.K Sharma Associates

Chartered Accountants

Firm Registration Number: 003790S

CA H R RAMASWAMY

Partner

Membership No. : 207116

Place: Bengaluru

Date: 27.05.2016

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. BEML LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2016. 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 company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of the
Comptroller & Auditor General of India**

**(E.P. Nivedita)
Pr. Director of Commercial Audit.**

Place: Bengaluru

Date: 19 July 2016



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) specified under section 133 read with Rule 7 of Companies (Accounts) Rules, 2014 by the Central Government, to the extent applicable, and the provisions of the Companies Act, 2013.

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 adopting 'Useful Lives' as per Schedule-II of the Companies Act, 2013 (or such shorter useful lives 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 S.R.R.K SHARMA ASSOCIATES
 Chartered Accountants
 Firm Registration Number: 003790S

CA. H R RAMASWAMY
 Partner
 Membership No.: 207116

Bengaluru
 27.05.2016

For and on behalf of the Board of Directors

P. DWARAKANATH
 Chairman & Managing Director
 (DIN 02107805)

M E V SELVAMM
 Company Secretary



CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|--|----------|--------------------------|--------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 1 | 4,177.22 | 4,177.22 |
| (b) Reserves and surplus | 2 | 206,796.49 | 203,496.52 |
| Sub-total | | 210,973.71 | 207,673.74 |
| (2) Share application money pending allotment | | | |
| | | - | - |
| (3) Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 36,265.22 | 41,392.67 |
| (b) Other Long term liabilities | 4 | 36,399.19 | 31,697.48 |
| (c) Long-term provisions | 5 | 16,064.26 | 16,435.86 |
| Sub-total | | 88,728.67 | 89,526.01 |
| (4) Current liabilities | | | |
| (a) Short-term borrowings | 6 | 14,721.42 | 18,016.75 |
| (b) Trade payables | 7 | | |
| (A) Micro & Small Enterprises | | 1,421.67 | 3,279.27 |
| (B) Other than Micro & Small Enterprises | | 39,742.60 | 51,306.62 |
| (c) Other current liabilities | 8 | 61,838.98 | 77,234.27 |
| (d) Short-term provisions | 9 | 15,619.22 | 12,782.37 |
| Sub-total | | 133,343.89 | 162,619.28 |
| (5) Minority Interest | | 19.04 | 17.50 |
| Total | | 433,065.31 | 459,836.53 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10 | 53,590.64 | 46,800.20 |
| (ii) Intangible assets | 10 | 1,715.58 | 1,415.24 |
| (iii) Capital work-in-progress | 11 | 5,883.43 | 14,994.98 |
| (iv) Intangible assets under development | 11A | 4,504.95 | 4,174.86 |
| (b) Non-current investments | 12 | 0.04 | 0.04 |
| (c) Deferred tax assets (net) | 13 | 10,330.71 | 10,097.92 |
| (d) Long-term loans and advances | 14 | 22,294.56 | 22,862.98 |
| (e) Other non-current assets | 15 | 434.05 | 406.92 |
| Sub-total | | 98,753.96 | 100,753.14 |
| (2) Current assets | | | |
| (a) Current Investments | 16 | - | - |
| (b) Inventories | 17 | 170,237.52 | 192,869.92 |
| (c) Trade receivables | 18 | 120,805.10 | 99,169.67 |
| (d) Cash and cash equivalents | 19 | 6,619.75 | 14,554.77 |
| (e) Short-term loans and advances | 20 | 20,354.63 | 16,099.58 |
| (f) Other current assets | 21 | 16,294.35 | 36,389.45 |
| Sub-total | | 334,311.35 | 359,083.39 |
| Total | | 433,065.31 | 459,836.53 |

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 S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

For and on behalf of the Board of Directors

CA. H R RAMASWAMY
Partner
Membership No.: 207116

P. DWARAKANATH
Chairman & Managing Director
(DIN 02107805)

Bengaluru
27.05.2016

M E V SELVAMM
Company Secretary

CONSOLIDATED PROFIT AND LOSS STATEMENT

| Particulars | Note No. | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|--------------|---------------------------------------|---------------------------------------|
| Revenues: | | | |
| Revenue including Excise Duty | 22 | 328,068.16 | 299,119.13 |
| Less: Excise Duty [Refer Note 22(i)] | | 30,296.74 | 18,909.93 |
| Revenue from operations | | 297,771.42 | 280,209.20 |
| Other income | 23 | 3,916.74 | 5,973.53 |
| Total Revenue | | 301,688.16 | 286,182.73 |
| Expenses: | | | |
| Cost of materials consumed | 24 | 145,771.23 | 135,552.41 |
| Purchase of Stock-in-trade | 24A | 51.21 | 31.90 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade | 25 | 24,501.34 | 20,843.09 |
| Employee benefits expense | 26 | 77,323.26 | 77,497.33 |
| Finance costs | 27 | 4,926.40 | 7,075.28 |
| Depreciation and amortization expense | 10 | 5,401.50 | 5,300.84 |
| Other expenses | 28 | 37,164.68 | 39,283.76 |
| Minority Interest | | 1.54 | (0.75) |
| Total Expenses | | 295,141.16 | 285,583.86 |
| Profit / (Loss) before exceptional, extraordinary and prior period items and tax | | 6,547.00 | 598.87 |
| Add/ (Less) : Exceptional items | 29 | - | 14.66 |
| Profit / (Loss) before Prior Period Adjustment | | 6,547.00 | 613.53 |
| Add / (Less) Prior Period Adjustment | 30 | (89.11) | (67.87) |
| Profit / (Loss) before tax | | 6,457.89 | 545.66 |
| Tax expense: | | | |
| (1) Current tax (MAT) | | 1,381.51 | 148.10 |
| (2) Deferred tax | | (232.79) | (178.11) |
| (3) Excess Provision of previous years written back | | - | (17.33) |
| Profit / (Loss) for the year | 31(A) | 5,309.17 | 593.00 |
| Earnings per equity share: (₹10/- each) in ₹ Basic and diluted | 31(A) | 12.75 | 1.42 |

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 S.R.R.K SHARMA ASSOCIATES
 Chartered Accountants
 Firm Registration Number: 003790S

For and on behalf of the Board of Directors

CA. H R RAMASWAMY
 Partner
 Membership No.: 207116

P. DWARAKANATH
 Chairman & Managing Director
 (DIN 02107805)

Bengaluru
 27.05.2016

M E V SELVAMM
 Company Secretary



CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | | For the Year ended 31st March 2015 | |
|--|---------------------------------------|-------------|---------------------------------------|-------------|
| | Sub items | Main items | Sub items | Main items |
| A. Cash flow from operating activities | | | | |
| Net profit before tax and extraordinary items | | 6,457.89 | | 545.66 |
| <i>Adjustments for</i> | | | | |
| Depreciation | 5,401.50 | | 5,300.84 | |
| Amortisation of Special Tools | 255.44 | | 209.52 | |
| (Gain)/loss on disposal of fixed assets | 14.08 | | (15.74) | |
| Foreign exchange loss / (gain) | 94.01 | | (119.41) | |
| Provision for Obsolescence | 555.45 | | 702.60 | |
| Bad debts written off | 384.95 | | 146.72 | |
| Financing Cost | 4,926.40 | | 7,075.28 | |
| Interest income | (756.98) | | (955.65) | |
| Minority Interest | 1.54 | | (0.75) | |
| Other Provisions | 2,732.90 | 13,609.29 | 2,233.80 | 14,577.21 |
| Operating Profit / (Loss) before changes in working capital | | 20,067.18 | | 15,122.87 |
| <i>Adjustment for</i> | | | | |
| Inventories | 21,642.52 | | 23,941.07 | |
| Trade & other receivables | (3,111.03) | | (870.24) | |
| Other current assets | (4,038.54) | | 2,016.66 | |
| Trade payables | (13,496.28) | | 15,733.22 | |
| Other payables | (11,121.01) | (10,124.34) | (2,398.91) | 38,421.80 |
| Cash generated from operations | | 9,942.84 | | 53,544.67 |
| Direct taxes (paid) / refunded | | (1,494.25) | | 1,237.75 |
| Net cash flow from/used in operating activities | | 8,448.59 | | 54,782.42 |
| B. Cash flow from investing activities | | | | |
| Purchase of Fixed Assets | (2,439.94) | | (4,075.64) | |
| Purchase of intangible fixed assets | (1,274.09) | | (483.44) | |
| Sale of tangible fixed assets | (10.87) | | 15.75 | |
| Interest Received | 764.26 | | 947.62 | |
| Net cash flow from/used in investing activities | | (2,960.64) | | (3,595.71) |
| C. Cash flow from financing activities | | | | |
| Proceeds/(Repayments) from/to ECB & long-term borrowings | (3,144.45) | | (3,144.43) | |
| Proceeds/(Repayments) of Inter corporate loans | (1,565.60) | | (1,565.61) | |
| Proceeds/(Repayments) of Soft loan | (417.40) | | (417.40) | |
| Proceeds/(Repayments) of short-term borrowings | (3,295.33) | | (26,113.53) | |
| Financing Cost | (4,498.97) | | (6,657.92) | |
| Dividend & Tax paid for equity shares | (501.22) | | (487.22) | |
| Net cash flow from/used in financing activities | | (13,422.97) | | (38,386.11) |
| Net increase/(decrease)in cash & cash equivalents | | (7,935.02) | | 12,800.60 |
| Cash & Cash Equivalents, Beginning of the year | | 14,554.77 | | 1,754.17 |
| Cash and Cash Equivalents, Ending of the year | | 6,619.75 | | 14,554.77 |

As per our report of even date attached
For S.R.R.K SHARMA ASSOCIATES
 Chartered Accountants
 Firm Registration Number: 003790S

CA. H R RAMASWAMY
 Partner
 Membership No.: 207116

Bengaluru
 27.05.2016
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For and on behalf of the Board of Directors

P. DWARAKANATH
 Chairman & Managing Director
 (DIN 02107805)

M E V SELVAMM
 Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 Schedule III to the Companies Act, 2013. 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 2016 | | As at 31st March 2015 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Number | Amount | Number | Amount |
| Authorised : | | | | |
| Equity Shares of ₹10 each | 100000000 | 10,000.00 | 100000000 | 10,000.00 |
| Issued : | | | | |
| Equity Shares of ₹10 each | 41900000 | 4,190.00 | 41900000 | 4,190.00 |
| Subscribed : | | | | |
| Equity Shares of ₹10 each | 41644500 | 4,164.45 | 41644500 | 4,164.45 |
| Paid-up : | | | | |
| Equity Shares of ₹10 each, fully paid-up | 41644500 | 4,164.45 | 41644500 | 4,164.45 |
| Forfeited Shares (amount originally paid) : | | | | |
| Equity Shares of Paid-up value ₹5 each | 255500 | 12.77 | 255500 | 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 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 | | | | |
|---|------------------|---------|---------|---------|---------|
| | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
| 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 2016 | | As at 31st March 2015 | |
|---|-----------------------|----------|-----------------------|----------|
| | 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 2016 | | As at 31st March 2015 | |
|--|-----------------------|--------|-----------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| President of India | 22,500,000 | 54.03 | 22,500,000 | 54.03 |
| Reliance Capital Trustee Co. Ltd. | 3,912,949 | 9.40 | 2,968,702 | 7.12 |
| LIC of India | 1,245,235 | 2.99 | 2,764,061 | 6.63 |

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 2016 | As at 31st March 2015 |
|---|-----------------------|-----------------------|
| 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 |
| 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 |
| Debenture Redemption Reserve | | |
| Opening Balance | 1,143.37 | 467.80 |
| Additions during the year | 3,260.57 | 675.57 |
| Deductions during the year | - | - |
| Closing Balance | 4,403.94 | 1,143.37 |
| General Reserve | | |
| Opening Balance | 118,997.02 | 118,997.02 |
| Additions during the year | - | - |
| Deductions during the year | - | - |
| Closing Balance | 118,997.02 | 118,997.02 |
| Foreign Currency Translation Account | | |
| Opening Balance | (11.06) | 19.09 |
| Additions during the year | - | - |
| Deductions during the year | 4.31 | 30.15 |
| Closing Balance | (15.37) | (11.06) |
| Balance in the Statement of Profit and Loss | | |
| Opening Balance | 22,019.24 | 23,093.43 |
| Adjustment of Carrying amount of assets with Nil useful life as on 01.04.2014 | - | (490.40) |
| Additions / (deletions) during the year | 5,309.17 | 593.00 |
| Less: Appropriations | | |
| - Transfer to Debenture Redemption Reserve | 3,260.57 | 675.57 |
| - Proposed dividend | 1,665.78 | 416.45 |
| - Tax on Dividend | 339.11 | 84.77 |
| - Transfer to General reserve | - | - |
| Closing Balance | 22,062.95 | 22,019.24 |
| Total | 206,796.49 | 203,496.52 |

Note 3 : Long Term Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | 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 10.20% | 733.60 | 494.25 | 1,228.05 | 494.25 |
| ii. From Standard Chartered Bank, secured by exclusive first charge on 61 Acres and 37 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.14% | - | 2,650.00 | 2,650.00 | 2,650.00 |
| 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 | - | 30,000.00 | - |
| Unsecured From Other Parties | | | | |
| i. Inter corporate loans against company's corporate guarantee (from Coal India) | 4,696.82 | 1,565.60 | 6,262.42 | 1,565.60 |
| ii. Soft Loan - Interest Free Loan from Govt of Kerala | 834.80 | 417.40 | 1,252.20 | 417.40 |
| Total | 36,265.22 | 5,127.25 | 41,392.67 | 5,127.25 |

Maturity Pattern of Term Loans from Banks :

(₹ in Lakhs)

| Name of the Bank | Maturity Pattern | | | |
|--------------------------|------------------|---------|---------|---------|
| | Interest Rate | 2016-17 | 2017-18 | 2018-19 |
| State Bank of Travancore | 10.20% | 494.25 | 494.25 | 239.35 |
| Standard Chartered Bank | 9.14% | 2650.00 | - | - |

Maturity Pattern 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 Pattern of Unsecured Inter Corporate Loan :

(₹ in Lakhs)

| Rate of Interest | Interest Rate | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|---------------|---------|---------|---------|---------|
| Bank Rate plus 3.50%, currently 11.25% | 11.25% | 1565.60 | 1565.61 | 1565.61 | 1565.60 |

Maturity Pattern of Soft Loan - Interest free Loan from Govt. of Kerala

(₹ in Lakhs)

| Rate of Interest | Interest Rate | 2016-17 | 2017-18 | 2018-19 |
|--|---------------|---------|---------|---------|
| Soft Loan - Interest free Loan, Repayable in 10 equal instalments in 5 years | 0.00% | 417.40 | 417.40 | 417.40 |



Note 4 : Other Long Term Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|-------------------------|--------------------------|--------------------------|
| Advance received | 36,260.23 | 31,643.62 |
| Staff related | 13.58 | 0.19 |
| Deposits & EMD received | 125.38 | 53.67 |
| Total | 36,399.19 | 31,697.48 |

Note 5 : Long-Term Provisions

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Provision for employee benefits | | |
| for Leave Salary | 12,437.96 | 13,426.73 |
| for Post retirement medical scheme | 2,841.01 | 1,973.17 |
| Provision-others | | |
| for warranty | 173.00 | 135.00 |
| for unexpired obligations | 612.29 | 900.96 |
| Total | 16,064.26 | 16,435.86 |

Note 6 : Short-Term Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| 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) | 14,721.42 | 18,016.75 |
| Unsecured | - | - |
| Total | 14,721.42 | 18,016.75 |

Note 7 : Trade Payables

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Total outstanding dues of micro & small enterprises | 1,421.67 | 3,279.27 |
| Total outstanding dues of creditors other than micro & small enterprises | 39,742.60 | 51,306.62 |
| Total | 41,164.27 | 54,585.89 |

Micro Small and Medium Enterprises

The information under MSMED Act, 2006 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 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Amount due and Payable at the year end | | |
| - Principal | 587.11 | 976.42 |
| - Interest on above Principal | 51.13 | 23.10 |
| Payments made during the year after the due date | | |
| - Principal | 8,406.00 | 7,799.40 |
| - Interest | - | - |
| Interest due and payable for principals already paid | 399.97 | 417.08 |
| Total Interest accrued and remained unpaid at year end | 451.10 | 440.18 |
| Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006. | 113.86 | 243.08 |

Note 8 : Other Current Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Current maturities of long term debt (Refer Note No. 3) | 5,127.25 | 5,127.25 |
| Interest accrued but not due on Borrowings | 1,131.68 | 1,119.86 |
| Interest accrued and due on Borrowings | - | 35.49 |
| Unclaimed dividends | 38.64 | 43.88 |
| Other payables | | |
| a. Staff related dues | 2,219.76 | 1,611.16 |
| b. Statutory dues | 4,358.52 | 6,052.68 |
| c. Deposits & EMD received | 1,061.05 | 790.52 |
| d. ED provision on FGI/Others | 6,914.80 | 9,162.27 |
| e. Other dues | 7,091.74 | 7,335.94 |
| f. Advances and Deposits | 33,895.54 | 45,955.22 |
| Total | 61,838.98 | 77,234.27 |

Note 9 : Short-Term Provisions

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Provision for employee benefits | | |
| for Gratuity | - | 1,337.81 |
| for Leave Salary | 3,249.67 | 1,642.82 |
| for Performance Related Pay | 570.00 | 370.00 |
| for Post retirement medical scheme | 1,413.07 | 277.19 |
| for Officers Pension | 1,171.86 | 674.14 |
| for Pay Revision | 94.92 | 63.66 |
| Provision-others | | |
| Proposed dividend | 1,665.78 | 416.45 |
| Tax on dividend | 339.11 | 84.77 |
| Income Tax | 6.02 | - |
| for pending Legal cases | 37.37 | 346.20 |
| for warranty | 6,312.20 | 6,070.36 |
| for unexpired obligations | 759.22 | 1,498.97 |
| Total | 15,619.22 | 12,782.37 |



Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

| Particulars | As at 01.04.2015 | Additions | Utilization | Reversal | As at 31.03.2016 | |
|--------------------------------|---------------------|------------------|------------------|-----------------|------------------|------------------|
| | | | | | Long-term | Short-term |
| Gratuity | 1,337.81 | 841.77 | 2,245.48 | - | - | ★ (65.90) |
| Leave Salary | 15,069.55 | 4,619.56 | 4,001.48 | - | 12,437.96 | 3,249.67 |
| Post retirement medical scheme | 2,250.36 | 2,184.61 | 180.89 | - | 2,841.01 | 1,413.07 |
| Performance Related Pay | 370.00 | 200.00 | - | - | - | 570.00 |
| Officers Pension | 674.14 | 1,171.86 | 659.47 | 14.67 | - | 1,171.86 |
| Pay Revision | 63.66 | 31.26 | - | - | - | 94.92 |
| Pending legal cases | 346.20 | 8.24 | 307.27 | 9.80 | - | 37.37 |
| Warranty | 6,205.36 | 6,426.49 | 5,704.57 | 442.08 | 173.00 | 6,312.20 |
| Unexpired Obligation | 2,399.93 | 470.56 | 691.01 | 807.97 | 612.29 | 759.22 |
| Total | 28,717.01 | 15,954.35 | 13,790.17 | 1,274.52 | 16,064.26 | 13,542.41 |

★ Towards Gratuity the company has funded ₹ 65.90 Lakhs more than liability and this amount is included under the head Pre paid expenses & Other advances (Note 20).

Note 10: Consolidated Fixed Assets

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
|-------------------------------------|-------------------|------------------|---|-------------------|------------------|-----------------|-------------------------------|---|------------------|------------------|------------------|
| | As at | Additions | Deduction / Re-classification & Adjustments | As at | As at | For the Year | Adj against Retained Earnings | Deduction / Re-classification & Adjustments | As at | As at | As at |
| | 01.04.2015 | During the Year | During the Year | 31.03.2016 | 01.04.2015 | | During the Year | During the Year | 31.03.2016 | 31.03.2016 | 31.03.2015 |
| Tangible Assets | | | | | | | | | | | |
| Land | | | | | | | | | | | |
| Free Hold | 1,289.47 | 3.79 | (7.01) | 1,286.25 | - | - | - | - | - | 1,286.25 | 1,289.47 |
| Lease Hold | 8,888.37 | - | (87.89) | 8,800.48 | 258.32 | 41.39 | - | - | 299.71 | 8,500.77 | 8,630.05 |
| Roads & Drains | 2,634.39 | 9.07 | (0.01) | 2,643.45 | 1,113.90 | 258.36 | - | 104.31 | 1,476.57 | 1,166.88 | 1,520.49 |
| Water Supply Installations | 688.89 | 4.09 | (35.14) | 657.84 | 420.95 | 19.30 | - | (29.71) | 410.54 | 247.30 | 267.94 |
| Buildings | 21,369.33 | 1,720.41 | 165.80 | 23,255.54 | 8,106.00 | 783.11 | - | 1.61 | 8,890.72 | 14,364.82 | 13,263.33 |
| Railway Sidings | 929.22 | 368.53 | - | 1,297.75 | 428.52 | 109.31 | - | - | 537.83 | 759.92 | 500.70 |
| Plant, Machinery and Equipment | 68,134.58 | 8,354.11 | (780.16) | 75,708.53 | 50,078.58 | 2,592.84 | - | (789.32) | 51,882.10 | 23,826.43 | 18,056.00 |
| Electrical Installations | 4,402.37 | 542.74 | 59.49 | 5,004.60 | 3,310.72 | 173.95 | - | 57.78 | 3,542.45 | 1,462.15 | 1,091.65 |
| Furniture & Fixtures | 1,721.12 | 37.77 | (1.19) | 1,757.70 | 1,314.54 | 111.03 | - | (2.04) | 1,423.53 | 334.17 | 406.58 |
| Vehicles | | | | | | | | | | | |
| Given on Lease | 487.17 | 282.84 | (53.49) | 716.52 | 251.12 | 96.07 | - | (34.07) | 313.12 | 403.40 | 236.05 |
| Own Use | 2,323.17 | 1.04 | (222.99) | 2,101.22 | 1,541.45 | 173.97 | - | (132.13) | 1,583.29 | 517.93 | 781.72 |
| Office Equipment | 631.14 | 17.29 | 95.76 | 744.19 | 584.41 | 24.50 | - | 73.97 | 682.88 | 61.31 | 46.73 |
| Jigs & Fixtures | 2,194.81 | 131.01 | (17.67) | 2,308.15 | 1,676.95 | 272.10 | - | (3.87) | 1,945.18 | 362.97 | 517.86 |
| Computers and Data processing units | 4,769.56 | 207.01 | 550.92 | 5,527.49 | 4,577.93 | 94.91 | - | 558.31 | 5,231.15 | 296.34 | 191.63 |
| Total Tangible Assets | 120,463.59 | 11,679.70 | (333.58) | 131,809.71 | 73,663.39 | 4,750.84 | - | (195.16) | 78,219.07 | 53,590.64 | 46,800.20 |
| Previous Year | 117,985.97 | 2,585.86 | (108.24) | 120,463.59 | 68,758.92 | 4,559.91 | 490.40 | (145.84) | 73,663.39 | 46,800.20 | 49,227.05 |

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | AMORTISATION | | | | | NET BLOCK | |
|---|-------------------|------------------|---|-------------------|------------------|-----------------|-------------------------------|---|------------------|------------------|------------------|
| | As at | Additions | Deduction / Re-classification & Adjustments | As at | As at | For the Year | Adj against Retained Earnings | Deduction / Re-classification & Adjustments | As at | As at | As at |
| | 01.04.2015 | During the Year | During the Year | 31.03.2016 | 01.04.2015 | | During the Year | During the Year | 31.03.2016 | 31.03.2016 | 31.03.2015 |
| Intangible Assets | | | | | | | | | | | |
| Computer software | 1,441.80 | 944.00 | (0.01) | 2,385.79 | 1,143.92 | 161.16 | - | 0.01 | 1,305.09 | 1,080.70 | 297.88 |
| Technical Know how | 2,937.03 | - | - | 2,937.03 | 1,819.67 | 489.50 | - | (0.01) | 2,309.16 | 627.87 | 1,117.36 |
| TDR against Land | - | - | 7.01 | 7.01 | - | - | - | - | - | 7.01 | - |
| Total Intangible Assets | 4,378.83 | 944.00 | 7.00 | 5,329.83 | 2,963.59 | 650.66 | - | - | 3,614.25 | 1,715.58 | 1,415.24 |
| Previous Year | 4,276.36 | 62.31 | 40.16 | 4,378.83 | 2,182.11 | 740.93 | - | 40.55 | 2,963.59 | 1,415.24 | 2,094.25 |
| Total Tangible & Intangible Assets C Y | 124,842.42 | 12,623.70 | (326.58) | 137,139.54 | 76,626.98 | 5,401.50 | - | (195.16) | 81,833.32 | 55,306.22 | 48,215.44 |
| Total Tangible & Intangible Assets P Y | 122,262.33 | 2,648.17 | (68.08) | 124,842.42 | 70,941.03 | 5,300.84 | 490.40 | (105.29) | 76,626.98 | 48,215.44 | 51,321.30 |

A. Useful life adopted by the Company for calculation of Depreciation in respect of the following assets are less than the useful life prescribed under Schedule II of the Companies Act, 2013. The reduced useful life has been adopted in view of large number of small value assets involved and faster rate of wear and tear for Jigs & Fixtures.

- i) Individual assets costing less than ₹ 5000 - useful life 1 year.
- ii) Jigs & Fixtures valued more than ₹5.00 Lakhs capitalised - useful life 3 years.

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 | ₹716.52 Lakhs (Previous Year - ₹487.17 Lakhs) |
| | b) Accumulated depreciation | ₹313.12 Lakhs (Previous Year - ₹251.12 Lakhs) |
| | c) Accumulated impairment losses | ₹Nil |
| | d) (i) Depreciation recognized in the Statement of Profit & Loss | ₹96.07 Lakhs (Previous Year - ₹69.07 Lakhs) |
| | (ii) Impairment losses recognized in the Statement of Profit & Loss | ₹Nil (Previous Year - ₹ Nil) |
| | (iii) Impairment losses reversed in the Statement of Profit & Loss | ₹Nil (Previous Year - ₹ Nil) |

II. Future minimum lease payments under non-cancellable operating leases – Leased cars

- (i) Not later than one year ₹47.24 Lakhs (Previous Year - ₹53.73 Lakhs)
- (ii) Later than one year but not later than five years ₹177.76 Lakhs (Previous Year - ₹162.76 Lakhs)
- (iii) Later than five years ₹155.57 Lakhs (Previous Year - ₹49.52 Lakhs)



III. Total rent recognized as income in the Statement of Profit & Loss

₹64.86 Lakhs (Previous Year - ₹45.88 Lakhs)

C. Gross value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹132.05 Lakhs (WDV - ₹58.62 Lakhs) [Previous Year - Gross Block ₹763.68 Lakhs (WDV - ₹110.96 Lakhs)].

D. Fixed Assets

i) Buildings include cost of building at Mumbai and Ranchi pending registration / katha transfer at ₹33.00 Lakhs (Previous Year - ₹33.00 Lakhs).

ii) The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) (A Company under orders of winding up by BIFR), and a sum of ₹100 Lakhs was paid as non-refundable deposit [included under Long Term Loans and Advances (Note 14)]. As per the terms of the Lease agreement, this deposit shall be adjusted against the outright sale/transfer of ownership that may be fixed for the property and lessee shall be free to construct new building/alter the existing building/lay roads/fence the land in the interest of furthering its business to suit its use and on expiry of the lease the said building shall vest with the lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Company had incurred on the above land a sum of ₹1452.95 lakhs (WDV - ₹1093.18 Lakhs) on Buildings [Previous Year - ₹1452.95 Lakhs (WDV - ₹1141.93 lakhs)] included in Fixed Assets (Note 10) as at year end.

Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expiring on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiry of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued. Appropriate accounting action will be considered based on the outcome of the tender process.

iii) Lease hold Land includes leased land allotted by Kerala Industrial Infrastructure Development Corporation (KIIDC) measuring 374.59 acres for a lease premium of ₹2547.21 Lakhs (excluding Service Tax) (Previous Year - ₹2547.21 Lakhs excluding Service Tax) for 99 years lease period with effect from 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and the revised lease premium payable is ₹2544.29 Lakhs only. Adjustment in financial statement will be made on formal amendment of lease agreement by KIIDC.

iv) Lease Hold Land includes land measuring 101175.92 Sq. Mtrs taken on perpetual lease from KIADB (Bangalore Aerospace, SEZ Park) at a cost of ₹5126.00 Lakhs (Previous Year - ₹5126.00 Lakhs).

v) Lease Hold Land includes land at cost ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.

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

vii) Free Hold Land includes land measuring 555.37 acres at Mysore costing ₹321.23 Lakhs (including additional compensation of ₹183.57 Lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB. As per the demand of KIADB, provision of interest amounting to ₹486.60 Lakhs (Previous Year - ₹464.12 Lakhs) up to period 31st March 2016 has been made. However, matter has been taken up with KIADB for waiving of

interest which is pending before KIADB. Liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB.

- viii) Free Hold Land measuring 3.647 acres of land, surrendered to BBMP against TDR (at cost) is ₹4.58 Lakhs. Free Hold Land measuring 1.937 acres of land surrendered to BBMP for which TDR yet to be received (at cost) is ₹2.43 Lakhs.

Above TDR will be utilised for further construction.

- ix) Company has taken action to obtain title documents in respect of the following immovable properties.
- | | |
|------------------------------------|---------------|
| (1) Flat at Roshan comp, Madras - | ₹4.04 Lakhs. |
| (2) Flat at Ashadeep, New Delhi - | ₹2.80 Lakhs. |
| (3) Office Building at Nagpur - | ₹27.18 Lakhs. |
| (4) Lease Hold Land at Singrauli - | ₹1.75 Lakhs. |
- x) Lease Hold Land includes Land measuring 193.67 acres valuing ₹540.55 Lakhs taken on lease from Asansol Durgapur Development Authority, Durgapur for a period of 60 years.
- xi) Free Hold Land includes 3 acres of land leased to M/s. Sharada Engineering Works Pvt Ltd., for a period of 30 years (since 1998).

E. Amount of borrowing cost capitalised on addition of assets during the year is as under:-

| | |
|--------------------------|---------------|
| Plant & Machinery | ₹510.51 Lakhs |
| Buildings | ₹104.88 Lakhs |
| Electrical Installations | ₹17.92 Lakhs |
| Technical Know how | ₹330.09 Lakhs |

Note 11 : Capital Work-in-Progress

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Buildings | 118.43 | 1,358.02 |
| Equipment under inspection and in transit | 69.67 | 59.11 |
| Machinery | 5,532.03 | 12,689.73 |
| Others | 163.30 | 888.12 |
| Total | 5,883.43 | 14,994.98 |

Note 11A: Intangible assets under development

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Development Expenditure for High capacity Dump Truck | 4,504.95 | 4,174.86 |
| Total | 4,504.95 | 4,174.86 |



Note 12 : Non-Current Investments

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Long Term, unquoted at cost | | |
| Trade Investments | | |
| In Equity Shares of Joint Venture Company : | | |
| In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each | 542.25 | 542.25 |
| Less: Provision for diminution in value of investment in BEML Midwest Ltd. | (542.25) | (542.25) |
| Total trade investments | - | - |
| 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 | 0.04 | 0.04 |

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

| Names | Nature | % holding | Country of Incorporation |
|----------------------|---------------------------|-----------|--------------------------|
| BEML Midwest Limited | Jointly Controlled Entity | 45.00 | India |

- The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2016 due to litigation pending before Company Law Board. 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. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.
- The company had issued corporate guarantee to Bank for facilities extended to BEML Midwest Limited, for ₹1912.50 Lakhs. Since BEML Midwest Limited failed to pay, the Bank concerned invoked the corporate guarantee and claimed from the company. However the company has refused to pay the claim on the ground that the claim relating to forward contracts were entered into without the approval of board of BEML Midwest Limited and that the majority shareholder has misappropriated and acted beyond the mandate without complying with the terms and conditions specified by the Board of BEML Midwest Limited. The matter is pending before Debt Recovery Tribunal (DRT). The company does not envisage any cash outflow in this regard.

Note 13: Deferred Tax Assets (Net)

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Deferred Tax Liabilities (DTL) | | |
| Related to Fixed Assets | 5,201.36 | 4,233.53 |
| Special Tools | 146.81 | 135.06 |
| Total DTL (A) | 5,348.17 | 4,368.59 |
| Deferred Tax Assets (DTA) | | |
| Timing differences under the Income Tax Act, 1961 | 15,623.96 | 14,419.80 |
| Others | 8.80 | 9.24 |
| Gratuity / Leave Liability | 46.12 | 37.47 |
| Total DTA (B) | 15,678.88 | 14,466.51 |
| Net Total (B-A) | 10,330.71 | 10,097.92 |

Note 14 : Long-Term Loans and Advances

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Capital Advances | 108.34 | 126.49 |
| Security Deposits | 894.67 | 836.54 |
| Inter Corporate Loan | 2,451.83 | 3,269.11 |
| Other loans and advances [see note (a) below] | 6,077.47 | 6,047.82 |
| Advance Income Tax (net of provision) | 12,630.43 | 12,499.12 |
| Pre paid expenses & Other advances | 131.82 | 83.90 |
| Sub-total | 22,294.56 | 22,862.98 |
| Doubtful | | |
| Other Loans and Advances | 120.19 | 120.19 |
| Less : Provision for doubtful advances | 120.19 | 120.19 |
| Sub-total | - | - |
| Total | 22,294.56 | 22,862.98 |
| Due by officers of the company | 30.43 | 23.96 |

- a. The Company has entered into a Consortium Agreement (MAMC Consortium) 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 ₹4800.00 Lakhs towards the total bid consideration of ₹10000.00 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 MAMC Consortium. Further, the Company has incurred a sum of ₹875.68 Lakhs (Previous Year - ₹818.55 Lakhs) towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of ₹5675.68 Lakhs (Previous Year - ₹5618.55 Lakhs) is included under the head 'Other Loans and Advances', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, no independent valuation of the assets taken over has been done and the diminution in value of investments, if any, can be ascertained only after the formulation of business plan and approval of shareholders' agreement from MoD and consequential share allotment.



Note 15 : Other Non-Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--------------------|--------------------------|--------------------------|
| Others | | |
| Gold coins on Hand | 9.84 | 9.57 |
| Special Tools | 424.21 | 397.35 |
| Total | 434.05 | 406.92 |

Note 16 : Current Investments

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--------------|--------------------------|--------------------------|
| Total | - | - |

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

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Raw materials & Components | 43,106.50 | 39,014.98 |
| Provision for obsolescence - Raw Material | (739.67) | (616.85) |
| Raw materials & Components in Transit | 864.42 | 3,549.18 |
| Stores and Spares | 2,045.43 | 2,268.06 |
| Work-in-Progress | 50,505.09 | 59,054.62 |
| Finished Goods | 38,530.46 | 48,515.57 |
| Provision for obsolescence - Finished Goods | (1,613.68) | (1,734.71) |
| Finished Goods in Transit | 202.47 | 5,848.64 |
| Stock of Spares | 36,401.77 | 35,522.54 |
| Provision for obsolescence - Stock of Spares | (2,509.66) | (2,077.02) |
| Stock of Spares in Transit | 835.24 | 726.98 |
| Patterns & Other Materials | 16.63 | 12.53 |
| Hand tools | 2,031.90 | 1,789.13 |
| Scrap | 599.32 | 1,040.88 |
| Unrealised Profit on Stock | (38.70) | (44.61) |
| Total | 170,237.52 | 192,869.92 |

- a. Raw materials & Components include materials lying with sub contractors ₹2100.06 Lakhs (Previous Year - ₹1120.21 Lakhs).
- b. 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.
- c. 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.
- d. Provision towards obsolescence is made as per the provisioning norms and is based on ageing of inventory.
- e. The Carbon Credits are included under Finished Goods at a total value of ₹3.83 Lakhs [21.53 per unit of Verified Emission Reductions (VERs)]. Total VERs certified and pending for realization is 17785 Nos. The Certified Emission Reduction (CER) is valued at cost as required by Guidance Note on CER issued by ICAI.

Note 18 : Trade Receivables*(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Outstanding for period exceeding six months * | 53,184.43 | 41,498.62 |
| Others | 67,620.67 | 57,671.05 |
| Unsecured, considered doubtful | | |
| Outstanding for period exceeding six months | 14,970.87 | 15,767.77 |
| Allowance for bad and doubtful debts | 14,970.87 | 15,767.77 |
| Total | 120,805.10 | 99,169.67 |

- * i. Trade receivables - Outstanding for period exceeding six months includes ₹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.
- ii. Trade receivables - Outstanding for period exceeding six months includes ₹4899.99 Lakhs (Previous Year ₹4899.99 Lakhs) towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with Ministry of Defence (MoD) in 2001. This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation.

As the import of materials was from a country in the European Union which adopted Euro as its International transaction currency, the company was forced to import in Euro currency from January, 2007 to meet its obligations under the contract. The Euro as a trading currency was not contemplated at the time of entering the contract placed by the customer.

The request for amendment from US Dollar to Euro and the consequential Escalation and Exchange Rate variation is pending with the customer. The company does not expect any material impact on this account, sequel to the reassessment of the escalation and exchange rate variation, based on an acceptable formula for the customer.

Note 19 : Cash and Cash Equivalents*(₹ in Lakhs)*

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Balances with Banks | 6,474.10 | 14,228.11 |
| Balances with Banks - Unclaimed Dividend | 38.64 | 42.53 |
| Cheques, drafts on hand | 35.06 | 191.23 |
| Cash on hand | 71.95 | 92.90 |
| Total | 6,619.75 | 14,554.77 |



Note 20 : Short-Term Loans and Advances

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Balances with Public Utility concern | 4.17 | 13.77 |
| Loans and Advances to Related Parties [refer Note No.31 (C)] | 131.33 | 131.54 |
| Inter Corporate Loan | 817.28 | 817.28 |
| Balances with Govt. departments for Customs Duty, Excise Duty etc including receivables | 1,249.35 | 275.40 |
| Advance to Vendors | 4,499.28 | 3,447.17 |
| Employee Advance | 360.60 | 414.29 |
| Duties & Taxes | 6,067.97 | 4,164.36 |
| Cenvat / VAT Balances | 5,794.79 | 5,857.01 |
| Pre paid expenses & Other advances | 1,429.86 | 978.76 |
| Sub-total | 20,354.63 | 16,099.58 |
| Doubtful | | |
| Advance to vendors | 4,114.66 | 4,107.14 |
| Less : Provision for doubtful advances | 4,114.66 | 4,107.14 |
| Sub-total | - | - |
| Total | 20,354.63 | 16,099.58 |
| Due by Officers of the Company | 45.61 | 160.65 |

Note 21 : Other Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--------------------------------------|--------------------------|--------------------------|
| Interest Accrued on bank deposits | 5.00 | 12.28 |
| Claims receivable | 12,963.14 | 11,339.46 |
| Unbilled revenue | 3,326.21 | 25,037.71 |
| Sub-total | 16,294.35 | 36,389.45 |
| Doubtful | | |
| Claims receivable | 4,640.30 | 2,508.01 |
| Less : Provision for doubtful claims | 4,640.30 | 2,508.01 |
| Sub-total | - | - |
| Total | 16,294.35 | 36,389.45 |

I. Claims receivable include:

- a. Claim Lodged pending under reconciliation amounting to ₹2216.14 Lakhs (Previous Year - ₹319.36 Lakhs).
- b. Claim lodged with Railway Board for excise duty and corresponding sale tax claim of ₹764.78 Lakhs (Previous Year - ₹1452.54 Lakhs).

The Company doesn't expect any material impact on the final realization of the above amounts.

Note 22 : Revenue including Excise Duty

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| (a) Sale of products: | | |
| Castings | 1.50 | - |
| Earth Moving Equipment | 97,442.24 | 100,172.42 |
| Rail & Metro Products | 101,860.34 | 89,738.09 |
| Defence Products | 34,289.09 | 13,105.26 |
| Traded Goods | 57.82 | 58.00 |
| Spare Parts | 68,932.71 | 68,399.39 |
| Wind Energy | 370.68 | 265.06 |
| Sub-total | 302,954.38 | 271,738.22 |
| (b) Sale of services; | | |
| Equipment Servicing | 23,081.37 | 24,914.52 |
| Sub-total | 23,081.37 | 24,914.52 |
| (C) Other operating revenues | | |
| Export incentives | 310.61 | 171.31 |
| Sale of Scrap | 1,721.80 | 2,295.08 |
| Sub-total | 2,032.41 | 2,466.39 |
| Revenue including Excise Duty | 328,068.16 | 299,119.13 |

- i. The company has entered into a consortium agreement with one international partner for the supply of Metro coaches to Delhi Metro Rail Corporation Ltd, (DMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on DMRCL and terminal excise duty and CST 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 2016 | For the Year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Rail & Metro Products | 115,718.86 | 102,786.67 |
| Other products, services and other operating revenue | 226,207.82 | 209,381.04 |
| Sub-total | 341,926.68 | 312,167.71 |
| Less: Value of Consortium Supplies | 13,858.52 | 13,048.58 |
| Revenue including Excise Duty | 328,068.16 | 299,119.13 |

ii. Accounting Standard 7 (Accounting for Construction Contracts)

Revenue includes revenue recognised on percentage of completion method as detailed below;

(₹ in Lakhs)

| Particulars | 2015-16 | 2014-15 |
|--|----------|----------|
| a) Contracts revenue recognized during the year | 1,806.80 | 1,647.16 |
| b) Disclosure in respect of Contracts in Progress as at 31st March 2016 | | |
| (i) Aggregate amount of cost incurred | 3,453.96 | 1,647.16 |
| (ii) Recognized profit (less recognized losses, if any) net of provision for contingency | Nil | Nil |
| (iii) Amount of advances received and outstanding | Nil | Nil |
| (iv) The amount of retention | Nil | Nil |

- c) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts up to 31.03.2016 to the estimated total cost of the contract, is used to determine the stage of completion.



Note 23 : Other Income

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Interest Income | | |
| - From Banks | 107.79 | 29.53 |
| - From Inter Corporate Loans | 456.69 | 797.33 |
| - From Other Advances | 126.50 | - |
| - Others | 66.00 | 128.79 |
| Net gain on sale of Fixed Assets | 5.17 | 18.94 |
| Income from Commission | 1.78 | 0.84 |
| Provisions written back | | |
| - Doubtful debts & Advances | - | 243.22 |
| - Others | 1,387.32 | 3,272.60 |
| Other non-operating income | 1,765.49 | 1,482.28 |
| Total | 3,916.74 | 5,973.53 |

a. Tax Deducted at Source on Income

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| a) Interest on Call and Term Deposit from Banks | 10.07 | 0.81 |
| b) Interest on Inter Corporate Loans | 45.67 | 79.72 |
| c) Others | 10.59 | 8.22 |

Note 24 : Cost of Materials Consumed

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Cost of Material for manufactured products | 145,777.14 | 135,565.13 |
| Unrealised profit on stock | (5.91) | (12.72) |
| Cost of Material consumed for manufactured products | 145,771.23 | 135,552.41 |

Note 24A : Purchase of Stock-in-trade

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|----------------------------|---------------------------------------|---------------------------------------|
| Purchase of Stock-in-trade | 51.21 | 31.90 |

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

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|------------------------------|---------------------------------------|---------------------------------------|
| Opening Stock | | |
| Work-in-progress | 59,054.62 | 58,377.54 |
| Finished Stock | 52,629.50 | 73,834.25 |
| Scrap | 1,040.88 | 1,356.30 |
| | 112,725.00 | 133,568.09 |
| Closing Stock | | |
| Work-in-progress | 50,505.09 | 59,054.62 |
| Finished Stock | 37,119.25 | 52,629.50 |
| Scrap | 599.32 | 1,040.88 |
| | 88,223.66 | 112,725.00 |
| (Increase) / Decrease | | |
| Work-in-progress | 8,549.53 | (677.08) |
| Finished Stock | 15,510.25 | 21,204.75 |
| Scrap | 441.56 | 315.42 |
| Total | 24,501.34 | 20,843.09 |

Note 26 : Employee Benefits Expense

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Salaries, Wages & Bonus | 57,226.87 | 55,866.67 |
| Leave Salary | 4,619.56 | 5,796.34 |
| Contribution to: | | |
| - Gratuity Fund | 841.77 | 3,746.26 |
| - Provident Fund and Other Funds | 5,783.66 | 5,748.43 |
| Post retirement medical scheme | 2,184.61 | 215.95 |
| Staff welfare expenses | 7,157.32 | 6,553.33 |
| - Less receipts | 490.53 | 429.65 |
| Net staff welfare expenses | 6,666.79 | 6,123.68 |
| Total | 77,323.26 | 77,497.33 |

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 | 2006-08 (LIC) | 2006-08 (IALM) |
| | (Ultimate) | (Ultimate) |
| Discount rate | 7.80% | 7.80% |
| Rate of escalation in salary | 5.00% | 5.00% |

b. Post Retirement Medical Scheme**(i) Employees**

The company has a post retirement medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated employees who opt for the scheme. Company pays 2/3rd insurance premium and the balance is paid by the superannuated employees. 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 | 40.00% | 35.00% |
| Discount rate | 7.80% | 7.80% |
| Long term Medical inflation | 2.70% | 2.70% |

(ii) Officers

For officers, during the year 2015-16 a new Post-Retirement Medical Scheme has been introduced where a percentage of Basic salary and DA of officers will be contributed to a separate fund and the fund arrange to provide medical insurance to retired officers. Company has no further liability other than the contribution to the fund. Hence the scheme is a defined contribution plan and no actuarial valuation is required.

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 needs to be provided for the year.



| Actuarial Assumptions | Current Year | Previous Year |
|---|---------------------|----------------------|
| | (Funded) | (Funded) |
| Discount rate | 7.80% | 7.84% |
| Rate of escalation in salary | 5.00% | 5.00% |
| Interest Rate Guarantee on Provident Fund | 8.75% | 8.75% |

d. Officers Pension Scheme

Based on the guidelines of Ministry of Defence, Company has implemented "BEML Executive Superannuation (Pension) Scheme" for Officers of the Company. The Scheme is a defined contribution plan and the contribution made is being charged off in the year of contribution. Being a defined contribution plan no actuarial valuation is done.

e. 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 01.04.2014 | 37,166.20 | 35,792.48 |
| Interest Cost | 2,898.96 | 3,010.43 |
| Current Service Cost | 724.21 | 864.21 |
| Benefits Paid | (5,193.03) | (5,395.48) |
| Actuarial (gain)/loss on obligations | 145.80 | 2,894.56 |
| Present value of obligation at 31.03.2015 | 35,742.14 | 37,166.20 |
| Changes in the Fair value of Plan assets | | |
| Fair value of plan assets at 01.04.2014 | 35,828.39 | 34,398.80 |
| Expected return on plan assets | 3,274.39 | 3,023.87 |
| Contributions | 2,245.48 | 3,802.13 |
| Benefits paid | (5,193.03) | (5,395.48) |
| Actuarial gain/(loss) on plan assets | (347.19) | (0.93) |
| Fair value of plan assets at 31.03.2015 | 35,808.04 | 35,828.39 |
| Reconciliation of obligations and fair value of plan assets | | |
| Present value of obligation at 31.03.2015 | 35,742.14 | 37,166.20 |
| Fair value of plan assets at 31.03.2015 | 35,808.04 | 35,828.39 |
| Funded Status | 65.90 | (1,337.81) |
| Asset / (Liability) recognized during the year | 65.90 | (1,337.81) |
| Expenses recognized during the year | | |
| Current Service Cost | 724.21 | 864.21 |
| Interest Cost | 2,898.96 | 3,010.43 |
| Expected return on plan assets | 3,274.39 | 3,023.87 |
| Actuarial (gain)/loss on obligation | 145.80 | 2,894.56 |
| Actuarial gain/(loss) on plan assets | (347.19) | (0.93) |
| Net Cost | 841.77 | 3,746.26 |
| Investment Details | % | % |
| GOI Bonds | 0 | 0 |
| Others | 0 | 1 |
| Investment with LIC | 100 | 99 |
| Actuarial Assumptions | | |
| Gratuity | (Funded) | (Funded) |
| Mortality Table | 2006-08 (LIC) | 2006-08 (IAL) |
| | (Ultimate) | (Ultimate) |
| Discount rate | 7.80% | 7.80% |
| Rate of return on plan assets | 8.50% | 9.15% |
| Rate of escalation in salary | 5.00% | 5.00% |

- f. 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 2016 | For the Year ended 31st March 2015 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Interest expense | | |
| On Cash Credit & Short term Loans | 1,343.66 | 3,024.51 |
| On Long Term Loans | 529.21 | 826.25 |
| On Non-convertible Debentures | 2,097.19 | 1,911.29 |
| On Inter Corporate Loans | 754.25 | 1,016.32 |
| On MSE vendors | 113.86 | 243.08 |
| Others | 88.23 | 53.83 |
| Total | 4,928.40 | 7,075.28 |

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the Year is ₹699.97 Lakhs (Previous Year - ₹896.70 Lakhs). Out of this a sum of ₹Nil (Previous Year - ₹Nil) related to previous year.

Note 28 : Other Expenses

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| Consumption of stores and spare parts | 655.35 | 843.10 |
| Consumable Tools | 619.24 | 340.08 |
| Power and fuel | 3,535.63 | 3,586.88 |
| Machining & Fettleing Charges | 121.78 | 121.28 |
| Moulding Charges | 50.43 | 51.69 |
| Rent | 393.25 | 363.86 |
| Hire Charges | 615.21 | 572.04 |
| Repairs & Maintenance | | |
| Machinery & Equipment | 586.52 | 468.20 |
| Buildings | 545.49 | 467.64 |
| Others | 939.09 | 908.02 |
| Amortisation of Special Tools | 255.44 | 209.52 |
| Stationery | 131.74 | 139.86 |
| Insurance | 266.30 | 932.98 |
| Rates & Taxes | 610.43 | 388.59 |
| Bank Charges | 706.79 | 520.73 |
| Postage, Telephones and Courier etc., | 347.59 | 337.26 |
| Commission on sales | 53.47 | 581.43 |
| Remuneration to Auditors (refer note 'b' below) | 26.14 | 40.27 |
| Legal & Professional Charges | 218.65 | 195.38 |
| Travelling Expenses | 1,554.20 | 1,138.71 |
| Publicity & Public Relations | 325.24 | 199.53 |
| Loss on Sale of Fixed Asset | 19.25 | 3.20 |
| Obsolescence | 555.45 | 702.60 |
| Bad Debts Written off | 384.95 | 146.72 |
| Defects & Spoilages | 37.18 | 105.04 |
| Works Contract Expenses | 4,506.02 | 3,837.13 |
| Expenses on Maintenance Contracts | 3,326.91 | 3,072.39 |
| Sundry Direct Charges | 1,430.08 | 2,146.23 |
| Freight charges | 2,857.44 | 2,913.67 |
| Expenditure on CSR Activities | 459.67 | 326.70 |
| Excise duty on increase / (decrease) in Stock | (2,043.83) | (1,157.12) |
| Provision for Doubtful Debts & Advances | 1,966.50 | 3,616.54 |
| Warranty & Unexpired Obligations | 2,801.87 | 2,403.31 |
| Liquidated damages on sales | 129.51 | 67.01 |
| Miscellaneous expenses [refer Note 27(a)] | 8,175.70 | 8,693.29 |
| Total | 37,164.68 | 39,283.76 |



a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹458.66 Lakhs. (Previous Year - ₹502.66 Lakhs).

b. Break up of Remuneration to Auditors :

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| (a) As Auditor | 10.07 | 10.01 |
| (b) Half yearly Audit fee | 4.30 | 4.30 |
| (c) for taxation matter | 2.70 | 4.20 |
| (d) Other Services - Certification Fees | 7.77 | 8.30 |
| (e) Reimbursement of Expenses | 1.30 | 13.46 |
| Total | 26.14 | 40.27 |

Note 29 : Exceptional Items

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Income | | |
| Liability Written back | - | 14.66 |
| | - | 14.66 |
| Expenditure | - | - |
| Net Income / (Expenditure) | - | 14.66 |

Note 30 : Prior Period Items

(₹ in Lakhs)

| Particulars | For the Year ended 31st March 2016 | For the Year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Income | | |
| Inspection charges | 0.39 | - |
| Carbon credit | 3.83 | - |
| Re-imbusement of Transport expenses | - | 4.14 |
| | 4.22 | 4.14 |
| Expenditure | | |
| Depreciation | 38.09 | 43.39 |
| Liquidated damages | 55.24 | - |
| Repairs & Maintenance | - | (45.80) |
| Preliminary and Pre-operative expenses | - | 65.96 |
| Miscellaneous expenses | - | 8.46 |
| | 93.33 | 72.01 |
| Net income / (Expenditure) | (89.11) | (67.87) |

Note 31 : Other Disclosures

A. Basic/ Diluted Earnings Per Equity Share

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| Net Profit / (Loss) after Tax (₹ in Lakhs) | 5,309.17 | 593.00 |
| Average Number of Shares | 41,644,500 | 41,644,500 |
| Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹) | 12.75 | 1.42 |

- B.** In terms of Notification No. S.O.2437(E) dated 04-09-2015 of the Ministry of Corporate Affairs, the Board at its meeting held on 27.05.2016 has given consent with regard to non-disclosure of information as required under paragraphs 5(ii) (a) (1), 5(ii) (a) (2), 5(iii) and Para 5(viii) (a), (b), (c) and (e) of Part II to Schedule III of the Companies Act, 2013, in the Annual accounts for the Financial Year 2015-16 onwards.

C. Accounting Standard 18 (Related Party Transactions)

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

Details of Transactions

(₹ in Lakhs)

| Particulars | 2015-16 | 2014-15 |
|---|----------|----------|
| Sales | - | - |
| Purchases | - | - |
| Advances recoverable as on 31st March | 131.33 | 131.54 |
| Corporate Guarantee given to Bankers as on 31st March (refer Note 12 (b)) | 1,912.50 | 1,912.50 |
| Amount payable towards supplies as on 31st March | 230.00 | 230.00 |
| Equity Investment held as on 31st March (at cost) | 542.25 | 542.25 |

ii. Remuneration to key management personnel

(₹ in Lakhs)

| Name | 2015-16 | 2014-15 | Designation |
|---------------------------|---------|---------|----------------------------------|
| Shri. P. Dwarakanath | 41.19 | 39.20 | Chairman & Managing Director |
| Shri. C.N. Durgesh* | 30.38 | 33.09 | Director (Mining & Construction) |
| Shri. P.R. Naik* | 32.40 | 32.65 | Director (Defence) |
| Shri. D.K. Hota | 35.07 | 31.95 | Director (HR) |
| Shri. Pradeep Swaminathan | 33.59 | 29.71 | Director (Finance) |
| Shri. Aniruddh Kumar | 29.26 | 26.28 | Director (Rail & Metro) |
| Shri. B R Viswanatha* | 7.31 | - | Director (Mining & Construction) |
| Shri. R H Muralidhara* | 6.71 | - | Director (Defence) |
| Shri. M E V Selvamm | 16.09 | 14.97 | Company Secretary |

* For part of the year.

- iii.** Considering the wide scope of the definition of Related Party under section 2(76), Relative under section 2(77) and Key Managerial Personnel under section 2(51) of Companies Act, 2013 and the requirement under Accounting Standard 18 and Listing Agreement, the disclosure with respect to Related Party transactions has been restricted to Subsidiary / Joint Venture / Associate companies and to any other Related Party as declared by Directors and Key Managerial Personnel. Accordingly, the compliance with Related Party Transactions under section 188, Accounting Standard 18 and Listing Agreement has been made to the extent data is available with the Company.

**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 etc.) - ₹57046.22 Lakhs (Previous Year - ₹47797.57 Lakhs).
- ii Other claims - legal cases etc. ₹52638.44 Lakhs (Previous Year - ₹50418.47 Lakhs). (This include a claim amounting to ₹38681.39 Lakhs against which the company has lodged a counter claim of ₹31403.92 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). The matter is subjudice.
- c. Other money for which the company is contingently liable - ₹Nil (Previous Year - ₹11.29 Lakhs).

II. Commitments

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹2270.81 Lakhs (Previous Year - ₹1964.44 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 cash outflow 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. However, the matter is under adjudication before DRT.

E. Aggregate amount of Research & Development Expenses:*(₹ in Lakhs)*

| Particulars | 2015-16 | 2014-15 |
|-----------------------|----------|----------|
| Revenue Expenditure* | 5,589.74 | 8,244.39 |
| Capital Expenditure** | 1,072.77 | 47.17 |

* 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 2016 | For the Year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Material Cost | 421.90 | 277.18 |
| Employee Remuneration | 3,400.21 | 3,359.21 |
| Depreciation | 763.43 | 862.26 |
| Power and Fuel | 211.79 | 166.78 |
| Repairs and Maintenance | 20.72 | 17.76 |
| Consumable Tools | 2.24 | 2.77 |
| Travelling | 112.85 | 103.95 |
| Other Expenses | 855.53 | 653.43 |
| Cost of Sales of Prototype sold | 564.50 | 3,663.31 |
| Total R&D Revenue Expenditure | 6,353.17 | 9,106.65 |
| Less: Depreciation | 763.43 | 862.26 |
| Net R & D Expenditure | 5,589.74 | 8,244.39 |
| Sale value of prototype sold - included in net Sales | 1,161.00 | 5,710.02 |

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2016 is as below.

b. Research & Development Capital Expenditure

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
|---|-----------------|-----------------|---|------------------|-----------------|---------------|-------------------------------|---|-----------------|-----------------|-----------------|
| | As at | Additions | Deduction / Re-classification & Adjustments | As at | As at | For the Year | Adj against Retained Earnings | Deduction / Re-classification & Adjustments | As at | As at | As at |
| | 01.04.2015 | During the Year | During the Year | 31.03.2016 | 01.04.2015 | Year | During the Year | During the Year | 31.03.2016 | 31.03.2016 | 31.03.2015 |
| Tangible Assets | | | | | | | | | | | |
| Land | | | | | | | | | | | |
| Free Hold | 3.29 | - | - | 3.29 | - | - | - | - | - | 3.29 | 3.29 |
| Lease Hold | - | - | - | - | - | - | - | - | - | - | - |
| Roads & Drains | 51.39 | - | (14.81) | 36.58 | 49.75 | 1.44 | - | (17.81) | 33.38 | 3.20 | 1.64 |
| Water Supply Installations | 12.60 | - | - | 12.60 | 12.48 | 0.01 | - | (0.01) | 12.48 | 0.12 | 0.12 |
| Buildings | 508.92 | - | (2.62) | 506.30 | 396.97 | 19.74 | - | (6.62) | 410.09 | 96.21 | 111.95 |
| Plant, Machinery and Equipment | 3,998.52 | 22.56 | (374.71) | 3,646.37 | 3,438.03 | 84.65 | - | (344.31) | 3,178.37 | 468.00 | 560.49 |
| Electrical Installations | 171.04 | 9.65 | 12.49 | 193.18 | 160.52 | 1.89 | - | 14.82 | 177.23 | 15.95 | 10.52 |
| Furniture & Fixtures | 259.64 | 2.06 | 12.36 | 274.06 | 212.11 | 11.84 | - | 8.16 | 232.11 | 41.95 | 47.53 |
| Transport Vehicles | 67.85 | 9.09 | 5.33 | 82.27 | 50.86 | 5.82 | - | (0.91) | 55.77 | 26.50 | 16.99 |
| Computers and Data processing units | 779.50 | 90.71 | 338.48 | 1,208.69 | 760.27 | 20.79 | - | 319.59 | 1,100.65 | 108.04 | 19.23 |
| Intangible Assets | | | | | | | | | | | |
| Software | 1,203.95 | 938.70 | 0.32 | 2,142.97 | 1,011.08 | 127.75 | - | 0.03 | 1,138.86 | 1,004.11 | 192.87 |
| Technical Knowhow | 2,937.02 | - | - | 2,937.02 | 1,819.66 | 489.50 | - | - | 2,309.16 | 627.86 | 1,117.36 |
| Total Tangible & Intangible Assets | 9,993.72 | 1,072.77 | (23.16) | 11,043.33 | 7,911.73 | 763.43 | - | (27.06) | 8,648.10 | 2,395.23 | 2,081.99 |
| Previous Year | 9,953.72 | 47.17 | (7.17) | 9,993.72 | 7,031.97 | 862.26 | 28.86 | (11.36) | 7,911.73 | 2,081.99 | 2,921.75 |

**F. Accounting Standard 17 (Segment Reporting)**

In view of Notification No. GSR 463(E) dated 05-06-2015 (Serial no. 8) issued by Ministry of Corporate Affairs, exempting companies engaged in Defence Production from the application of Accounting Standard 17 (Segment Reporting), disclosure requirements under AS - 17 has not been made.

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.

I. Disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements), the required information is given as under:

(₹ in Lakhs)

| Particulars | Amount as on | | Maximum amount outstanding during the year ended | |
|--|--------------|------------|--|------------|
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| i. Loans and Advances in the nature of loans: | | | | |
| A. To Subsidiary Companies | - | - | - | - |
| B. To Associates / Joint Venture | - | - | - | - |
| C. To Firms / Companies in which directors are interested | - | - | - | - |
| D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act, 2013 | - | - | - | - |
| ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries | - | - | - | - |

J. The status of consolidation of Subsidiary and JV companies are as under:

| Name of Subsidiary / JV company | Country of Incorporation | Proportion of Ownership interest | Status |
|---------------------------------|--------------------------|----------------------------------|--|
| Subsidiary companies | | | |
| Vignyan Industries Limited | India | 96.56% | Consolidated |
| MAMC Industries Limited | India | 100.00% | Consolidated |
| BEML Brazil Industrial Ltda | Brazil | 100.00% | Consolidated |
| JV company | | | |
| BEML Midwest Limited | India | 45.00% | Not consolidated due to non-availability of financial statements |

K. Additional information on Consolidated Financial Statements for F.Y 2015-16 (₹ in Lakhs)

| Name of the entity in the | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | |
|-----------------------------|--|---------------|-------------------------------------|----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| 1 | 2 | 3 | 4 | 5 |
| Indian Subsidiaries | | | | |
| Vignyan Industries Limited | 0.22% | 460.59 | 0.84% | 44.67 |
| MAMC Industries Limited | -0.05% | (108.42) | -0.18% | (9.45) |
| Total | | 352.17 | | 35.22 |
| Foreign Subsidiary | | | | |
| BEML Brazil Industrial Ltda | 0.03% | 62.83 | -0.26% | (13.76) |
| Total | | 62.83 | | (13.76) |
| Minority Interest | | | | |
| Vignyan Industries Limited | | 19.04 | | 1.54 |
| MAMC Industries Limited | | - | | - |
| BEML Brazil Industrial Ltda | | - | | - |
| Joint Venture | | | | |
| Indian: | | | | |
| BEML Midwest Limited * | | - | | - |

* The financial statement of the JV company is not consolidated, as the JV has not prepared its financial statements.



Form AOC-1

Part "A" : Subsidiaries

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 relating to Subsidiaries

| 1 Sl. No. | 1 | 2 | 3 |
|--|----------------------------|-------------------------|-----------------------------|
| 2 Name of Subsidiary Company | Vignyan Industries Limited | MAMC Industries Limited | BEML Brazil Industrial Ltda |
| 3 Reporting period of the Subsidiary Company | 31.03.2016 | 31.03.2016 | 31.03.2016 |
| 4 Reporting currency of Foreign Subsidiary | - | - | Brazilian Reais |
| 5 Exchange rate as on 31.03.2016 | - | - | ₹18.62 per BR. Reais |
| 6 Share Capital (₹ in Lakhs) | 278.97 | 5.00 | 185.55 |
| 7 Reserves & Surplus (₹ in Lakhs) | 181.62 | (113.42) | (122.72) |
| 8 Total Assets (₹ in Lakhs) | 1,543.16 | 494.13 | 62.83 |
| 9 Total Liabilities (₹ in Lakhs) | 1,082.57 | 602.55 | - |
| 10 Investments (₹ in Lakhs) | Nil | Nil | Nil |
| 11 Turnover Gross (₹ in Lakhs) | 3,218.08 | Nil | Nil |
| 12 Profit before taxation (₹ in Lakhs) | 31.62 | (9.45) | (13.76) |
| 13 Provision for taxation (₹ in Lakhs) | (13.05) | - | - |
| 14 Profit after taxation (₹ in Lakhs) | 44.67 | (9.45) | (13.76) |
| 15 Proposed Dividend | ₹Nil | ₹Nil | ₹Nil |
| 16 % of Shareholding | 96.56% | 100.00% | 100.00% |

Note: MAMC Industries Ltd is yet to commence operation.

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associate / Joint Ventures | BEML Midwest Limited |
|---|--|
| 1 Latest audited Balance Sheet Date | - |
| 2 Shares of Associate / Joint Ventures held by the company on the year end | |
| No. | 5422500 |
| Amount of Investment in Associates / Joint Venture | ₹542.25 Lakhs |
| Extend of Holding % | 45.00% |
| 3 Description of how there is significant influence | Investment in the equity to the extent of 45% paidup capital and the corporate guarantee provided by BEML are considered to be significant influence. |
| 4 Reason why the associate / joint venture is not consolidated | There was complete cessation of activities in M/s. BEML MidwestLtd., 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. |
| 5 Net worth attributable to Shareholding as per latest audited Balance Sheet | Not Available |
| 6 Profit / Loss for the year | |
| i. Considered in Consolidation | Not Applicable |
| ii. Not Considered in Consolidation | Not considered in Consolidation |

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of BEML LIMITED**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of BEML LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) and its Jointly Controlled Entity, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to 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 including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of Holding Company as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified



audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

As explained in Note.12, the financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the 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 Joint Venture Company, net of provision for diminution already made in the value of the investment, has 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 above, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter:

We draw our attention to:

- a) Note No.18 (i) in respect of Trade receivables from Ministry of Defence (MOD), ₹925.87 lakhs towards interest rate difference on advance amount received from MOD. This amount pertains to interest rate difference between deposit rate and interest recovered @ 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. And Note No. 18(ii) in respect of Trade receivable from MOD, ₹4899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for design, development and supply, entered into with MOD in 2001. The realisation of these receivables depends on the final determination of the amount payable by the MOD.
- b) Note No.14 (a) in respect of the amount advanced to MAMC consortium for ₹5675.68 lakhs, valuation of which depends on approval from Ministry of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.
- c) Note No.31 (G) regarding pending review/adjustment of old balances and non receipt of confirmation of balance in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.

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

Other Matters

- a) We did not audit the financial statements of the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of ₹1543.16 lakhs as at 31.03.2016 and profit of ₹44.67 lakhs and net cash outflow amounting to ₹ 0.29 lakhs for the then year 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 the report of the other auditor.

- b) We did not audit the financial statements of the subsidiary MAMC Industries Limited, whose financial statements reflect total assets of ₹494.13 lakhs as at 31.03.2016 and loss of ₹9.45 lakhs and net cash outflow amounting to ₹0.01 lakhs for the then year 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 the report of the other auditor.
- c) We did not audit the financial statements of the subsidiary BEML Brazil Industrial Ltda, whose financial statements reflect total assets of ₹62.83 lakhs as at 31.03.2016 and loss of ₹13.76 lakhs and net cash out flow amounting to ₹17.89 lakhs for the then year 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 the report of the other auditor, converted into Indian Rupees by the Group on the basis of average exchange rate for the year in respect of Statement of Profit and Loss and closing exchange rate as on the last day of the financial year in respect of Balance Sheet items except Share Capital which is considered on actual investments made in Indian Rupees by the Holding Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and 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, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
 - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant statements maintained for the purpose of preparation of the consolidated financial statements.
 - d. in our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. being a Government Company, provisions of Sec 164(2) of the Act, relating to disqualification of directors are not applicable.
 - f. the qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.
 - g. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.



- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and Jointly Controlled Entities - Refer Note 31(D)(1)(a)(ii) to the consolidated financial statements;
 - ii. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its Subsidiary Companies, and Jointly Controlled Entity incorporated in India.

For S.R.R.K SHARMA ASSOCIATES

Chartered Accountants

Firm Registration Number: 003790S

CA. H R RAMASWAMY

Partner

Membership No.: 207116

Bengaluru
27.05.2016

“Annexure A” to the Independent Auditor's Report of even date on the Consolidated Financial Statements of BEML Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of BEML Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (Holding company and its subsidiaries together referred to as “the Group”) and its Jointly Controlled Entity as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Group's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit and reports received from the auditors of two Subsidiary Companies. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A Group's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial controls over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group (except BEML Midwest Joint Venture entity which has not maintained books of accounts and BEML Brazil Industrial Ltda, which has been registered outside India) has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R.R.K SHARMA ASSOCIATES

Chartered Accountants

Firm Registration Number: 003790S

CA. H R RAMASWAMY

Partner

Membership No.: 207116

Bengaluru

27.05.2016

ADDENDUM TO THE BOARD'S REPORT
Company's reply to the observation of Statutory Auditors in their Consolidated Audit Report

| <i>Para No.</i> | <i>Auditors' Observation</i> | <i>Company's Reply</i> |
|-----------------|--|--|
| 1 | As explained in Note 12, the financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the 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 joint venture company, net of provision for diminution already made in the value of the investment, has not been determined. | There was complete cessation of activities in M/s. BEML Midwest Limited, the JV company since September 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. |



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S.BEML LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of M/s. BEML Limited, Bengaluru, M/s. Vignyan Industries Limited, Tarikere and M/s. MAMC Limited, Durgapur but did not conduct supplementary audit of the financial statements of M/s. BEML Brazil Industrial Ltda, Brazil and M/s. BEML Midwest Limited, Hyderabad for the year ended on that date. **Further, section 139(5) and 143 (6) (b) of the Act are not applicable to M/s. BEML Midwest Limited, Hyderabad and M/s. BEML Brazil Industrial Ltda, Brazil being private entity / entity incorporated in Foreign country under the respective laws, for appointment of their Statutory Auditor or for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies.** 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 company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of the
Comptroller & Auditor General of India**

**(E.P. Nivedita)
Pr. Director of Commercial Audit.**

Place: Bengaluru

Date: 19 July 2016

CORPORATE DATA*
BOARD OF DIRECTORS:
Functional Directors:

Shri D K Hota
Chairman & Managing Director

Shri Aniruddh Kumar
Director (Rail & Metro Business)

Shri B R Viswanatha
Director (Mining & Construction Business)

Shri R H Muralidhara
Director (Defence Business)

Government Nominee Directors:

Smt. Surina Rajan
Additional Secretary (Defence Production)
Ministry of Defence

Shri Sanjay Prasad
Joint Secretary (Land System)
Department of Defence Production
Ministry of Defence

Independent Directors:

Shri Sudhir Kumar Beri
Shri M G Raghuvveer
Shri B P Rao

COMPANY SECRETARY:

Shri M E V Selvamm

CHIEF VIGILANCE OFFICER:

Smt Kavitha Kestur

EXECUTIVE DIRECTORS:

- (1) Shri Umesh Chandra
- (2) Shri Halder, AK
- (3) Shri Prasad, S

CHIEF GENERAL MANAGERS:

- (4) Shri Ravi, S
- (5) Shri Nagaraj Kumar, PV
- (6) Shri Panneer Selvam, R
- (7) Shri Ramachandra Rao, C
- (8) Shri Rajendran, S
- (9) Shri Manjunath, BL
- (10) Shri Ravi Chander, G
- (11) Shri Suresh S Vastrad
- (12) Shri Hasainabba, UK
- (13) Shri Sastry, NVS
- (14) Shri Krishna, BS
- (15) Shri Shankar, B
- (16) Shri Sharadkumar K Kalagi
- (17) Shri Sivakumar, P
- (18) Shri Amit Banerjee
- (19) Shri Radhakrishna KR
- (20) Shri Raja Sekhar MV

GENERAL MANAGERS:

- (21) Shri Doshi, TK
- (22) Shri Joe Pulickel
- (23) Shri Satheesha, NV
- (24) Shri Vinod Kumar Pareek
- (25) Shri Kumaresan, S
- (26) Shri Kanyana Narayana Bhat
- (27) Shri Narayanayya Hasanadka
- (28) Shri Srinivasulu Reddy, S
- (29) Shri Visweswara Rao, M
- (30) Shri Nagaraja Rao, SR
- (31) Shri Ranganath, HS
- (32) Shri Muthuvalavan, R
- (33) Shri Parashar, RR
- (34) Shri Mathai, IYPE
- (35) Shri Umashankar
- (36) Shri Satyesh Simha
- (37) Shri Ajit Kumar Srivastav
- (38) Shri Nagaraj, P
- (39) Shri Sivasankara Rao, P
- (40) Shri Mohanavelan, E
- (41) Shri Sanjay Som
- (42) Shri Mihir Kiron Ray

- (43) Shri Jaskan Hemram
- (44) Shri Sumanta Kumar Saha
- (45) Shri Santosh Kumar Mallick
- (46) Shri Ilangovan, K
- (47) Shri Srinivasan G
- (48) Shri Soumitra Sen
- (49) Shri Sunder Raj K
- (50) Shri Umesh OR
- (51) Shri Kannan P
- (52) Shri Basudev Mishra
- (53) Shri Belle Ashok Kumar
- (54) Shri Sekar V
- (55) Shri Ramesh KN
- (56) Shri Thamilselvan AS
- (57) Shri Shashikant KC
- (58) Shri Srinivasa R
- (59) Shri Ramesh KC
- (60) Shri Vivek V Nayak

BANKERS:

- (1) State Bank of India
- (2) Canara Bank
- (3) State Bank of Mysore
- (4) State Bank of Patiala
- (5) Bank of India
- (6) Bank of Baroda
- (7) Union Bank of India
- (8) State Bank of Hyderabad
- (9) Indian Bank
- (10) Axis Bank
- (11) Exim Bank
- (12) HDFC Bank
- (13) IDBI Bank
- (14) Deutsche Bank

LEGAL ADVISORS:

M/s Just Law
Bengaluru

M/s Sundaraswamy & Ramdas
Bengaluru

Justice K A Swamy
Bengaluru



National Law School of India
University
Bengaluru

TAX CONSULTANTS:

M/s King & Patridge
Bengaluru

M/s Lakshmi Kumaran & Sridharan
Bengaluru

STATUTORY AUDITORS:

M/s S.R.R.K Sharma Associates
Chartered Accountants
Bengaluru

COST AUDITORS:

M/s. Murthy & Co., LLP
Cost Accountants
Bengaluru

SECRETARIAL AUDITORS:

M/s S N Associates
Practicing Company Secretaries
Bengaluru

DEBENTURE TRUSTEE:

M/s SBICAP Trustee Company
Limited
Debenture Trustee
Mumbai

OFFICES:

**Registered, Corporate Office,
International Business Division &
Technology Division:**

"BEML SOUDHA",
No. 23/1, 4th Main,
Sampangiramanagar
Bengaluru - 560 027

Trading & Marketing Division:

4th & 5th Floor,
Unity Buildings, J C Road
Bengaluru - 560 002

UNITS :

Bengaluru Complex:

P B No. 7501
New Tippasandra Post
Bengaluru – 560 075

KGF Complex:

BEML Nagar
Kolar Gold Fields - 563 115

Mysuru Complex:

Belvadi Post
Mysore - 570 018

Palakkad Complex:

KINFRA Park
Menon Para Road
Kanjikode East
Palakkad - 678 621

Subsidiary Companies:

Vignyan Industries Limited
Haliyur, BH Road,
Tarikere Post - 577 228

MAMC Industries Limited
No. 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

Regional Offices:

- (1) Bengaluru
- (2) Bilaspur
- (3) Chennai
- (4) Dhanbad
- (5) Hyderabad
- (6) Kolkata
- (7) Mumbai
- (8) Nagpur
- (9) New Delhi
- (10) Ranchi
- (11) Sambalpur
- (12) Singrauli

District Offices:

- (1) Ahmedabad
- (2) Asansol
- (3) Bachel
- (4) Bhilai
- (5) Bhopal
- (6) Bhubaneswar
- (7) Chandrapur
- (8) Guwahati
- (9) Hospet
- (10) Jammu
- (11) Kochi
- (12) Kothagudem
- (13) Leh
- (14) Madurai
- (15) Neyveli
- (16) Panjim
- (17) Ramagundam
- (18) Udaipur
- (19) Vijayawada
- (20) Visakhapatnam

Nagpur, Global Service HQ

Overseas Offices:

Brazil
Indonesia

ROUTE MAP

for the venue of 52nd AGM of BEML at:

‘API Bhavana’, No. 16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560 052.





Shri Pranab Mukherjee, Hon'ble President, along with Shri Anant Geete, Hon'ble Union Minister for Heavy Industries & Public Enterprises presenting SCOPE Excellence Award for Excellence and Outstanding Contribution to the Public Sector Management - Special Institutional Category (Turnaround) to Shri P. Dwarakanath, the then CMD.

Shri Narendra Modi, Hon'ble Prime Minister, is seen discussing with Shri P. Dwarakanath, the then CMD and Shri D K Hota, CMD at 'Make-in-India' event held at Mumbai.



Shri Manohar Parrikar, Hon'ble Defence Minister, presenting 'Raksha Mantri's Award for Excellence' under 'Institutional Award category for Best Performance in Exports during 2012-13'. The then CMD, Shri P. Dwarakanath, receiving the Award on behalf of the Company.



Shri Manohar Parrikar, Hon'ble Defence Minister, along with Shri Suresh Prabhu, Hon'ble Minister of Railways, Shri Laxmikant Yashwant Parsekar, Hon'ble Chief Minister of Goa and Shri Ashok Kumar Gupta, Secretary (Defence Production) is seen discussing with Shri P. Dwarakanath, the then CMD and Shri D K Hota, CMD.

Central Vigilance Commissioner, Shri KV Chowdary went round BEML manufacturing facilities during his visit accompanied by Shri P. Dwarakanath, the then CMD, Shri D K Hota, CMD, Shri Anuroddhi Kumar, Director (Rail & Metro Business) and Smt. Kavitha Kestur, Chief Vigilance Officer.



Shri P. Dwarakanath, the then CMD inaugurating BEML Stall at DEFEXPO-2016 held at Goa in the presence of Shri D K Hota, CMD, Shri Pradeep Swaminathan, the then Director (Finance) and Shri R. H Muralidhara, Director (Defence Business).



As part of BEML's commitment to 'Swachh Bharat' programme, Shri P. Dwarakanath, the then CMD, Shri D K Hota, CMD and Shri B R Viswanatha, Director (Mining & Construction Business) are seen engaged in clean drive along with others.

Shri D K Hota, CMD delivering Key Note address at 6th Mining Congress held at Kolkata coinciding with IME-2016.



An awareness rally on Swachh Bharat Abhiyan undertaken by the Children of BEML Schools.