



# 56<sup>th</sup> Annual REPORT 2019-20



*Pioneering India's progress through*  
***Atma Nirbharta***



**BEML LIMITED**

# CORPORATE VISION, MISSION AND VALUES

## Vision

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

## Mission

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

## Values

Reiterate commitment towards holding 'BHEL FIRST' with the intrinsic values and culture as guiding principles as under:

<b>F</b>	Focus on Customer	We strive to achieve customer delight in all our actions
<b>I</b>	Innovation & Technology	We leverage our continuous learning, innovation and technology in all our work
<b>R</b>	Reliability & Quality	We build reliability and quality in all our products & services
<b>S</b>	Speed & Responsiveness	We are agile and respond to needs and challenges of all stakeholders with swift execution
<b>T</b>	Trust & Teamwork	We help each other succeed through integrity, trust, respect, transparency, teamwork and being a socially responsible corporate citizen

## *Chairman's Letter*



Dear Shareholders,

It is an honour and privilege to present the Annual Report for FY 2019-20. Financial Year 2019-20 has been a challenging year with weakening macro-economic conditions, slowing market growths and finally, COVID-19 outbreak and containment measures towards the end of the year. Against this backdrop, your Company has put up a reasonably good performance. I, on behalf of the Board of Directors present to you the Company's Annual Report for the financial year 2019-20 for your consideration and adoption at the ensuing Annual General Meeting.

### **Performance Highlights**

Your Company has realised a revenue of ₹3,029 Crs. during 2019-20. On the Defence front, your Company has achieved sales of ₹431 Crs. with an impressive growth of 24% over previous year. Mining & Construction Business achieved sales of ₹1,493 Cr. as against ₹1,640 Crs. during 2018-19, Rail & Metro Business group achieved sales of ₹1,105 Crs. as against ₹1,495 Crs. during 2018-19. The negative growth in manufacturing & Capital Goods Sectors and disruptions in supply chain impacted both the business verticals. PAT stood at ₹68 Crs. as against ₹64 Crs. during

**24%**  
Growth in  
Defence Turnover

2018-19. During the year ₹3,690 Crs. worth orders have been booked. The Order Book of your Company as on 1st April, 2020 stood at ₹9,795 Crs., highest ever as against ₹9,125 Crs. in the previous year, a growth of 7%. Employee strength went down by (8%) 583 from 7,185 to 6,602, while VoP per employee increased to ₹50 lakhs by adopting a System Integration Model through increased outsourcing. Value added per employee went up to ₹22 lakhs as against ₹21 lakhs in the previous year, a jump of 4%.

**Highest ever**  
Order  
Book

The Year passed. . .

## Competition

Amidst stiff competition, 85% of sales was achieved from orders obtained through competition mode. Your Company maintained a major market share in Dozers and Dumpers market of Mining & Construction equipment. Your Company is the only Indian PSU manufacturing State-of-the-Art Metro Cars competing with Global Players and has market share of over 45% in Metro segment. Company has bagged order for over Rs. 500 Cr. for supply of Track Width Mine Ploughs to the Army.

**85%**  
Turnover through  
Competition

## Research & Development

During the year, Company designed & developed products such as BE1000-1 Hydraulic Excavator, BE210 Hydraulic Excavator, BD155 Bulldozer with CLSS hydraulic system, Artificial Intelligence (AI) based products viz. Predictive maintenance of Mining equipment through AI based big data analytics and Machine learning algorithms and Sleep / Fatigued operator alert system on Mining equipment. In Defence business, products such as AI Powered Medical Health Diagnostic System (MHDS), Medium Bullet Proof Vehicle (MBPV) Mark II, Mobile Standby Command Post Vehicle (MSCP) and Mounted Gun System (AK630) were developed. Design and development of Standard Gauge Catenary Maintenance Vehicle, 6 car train set of BMRCL 42 cars contract, deployment into revenue service of Kolkata Metro (E-W) train sets after Safety clearance and successful completion of the Oscillation trials of 8W DETC and clearance for bulk production was obtained,

in Rail & Metro business.

Towards protecting the Intellectual property of the Company, BEML Innovation Cell succeeded in filing 155 IPRs since setting up, including 70 IPRs during 2019-20, covering innovations in product design, manufacturing and operations. Eight patents have been awarded so far. During the year, patent was awarded for "Radio control system for clutch control geared dozer".

**70**  
IPR Applications  
filed

Company has spent an all-time high of ₹107 crores on R&D during 2019-20; about 3.42% of sales turnover. 68% of sales turnover achieved was from in-house R&D developed products.

**68%**  
Turnover from  
R & D Products

## Self-Reliance

Your Company has achieved indigenization levels of over 90% in the mainline Mining & Construction products and Rail coaches & EMU's, over 80% in High Mobility Vehicles and over 65% in Metro cars. In line with the clarion call of the Hon'ble Prime Minister for 'AtmaNirbhar Bharat', action plans have been drawn to accelerate indigenization. Your Company is working towards 'ZERO IMPORT' policy and published EoIs for indigenous development of items being imported. Development orders have already been placed for 276 items and efforts are on for indigenous development of balance items.

Your Company launched "Make in India" Products 150T & 190T Dump Trucks, 180T Electrical / Hydraulic Excavators and 850HP Bulldozer successfully. These biggest electric drive dump trucks, excavator and bulldozer were designed and manufactured for the

first time in India and are major import substitution products for the Mining sector. After successful trials, orders have been received for supply of 5 numbers of 180T Electrical Excavators, 7 numbers of 150T and 8 numbers of 190T high end dumpers and are under execution. Also, trial-cum sale order was received from M/s. CIL for 2 nos. of 850HP bulldozers and 1 no. of 180T Hydraulic excavator.

Indigenously Designed & Developed Arjun Armoured Repair & Recovery Vehicle in association with M/s. CVRDE, has undergone trials and further orders are expected which will result in substantial FE savings for the Country.

Design & Development of Metro car for Kolkata Metro Rail Corporation Limited was successfully completed and all 14 train sets were delivered to the customer. Catenary Maintenance Vehicle (CMV) was successfully designed & developed and supplied to Delhi Metro Rail Corporation.

BEML has also planned to set up 'Make in India Parks' for indigenous manufacture of cabins for HMs through ToT, local manufacture of defence spares and propulsions for Metro Cars / EMUs through JVs.

To further enhance indigenization, BEML invited 'Expression of Interest' for manufacturing and technology partnerships with reputed global OEMs looking to establish and / or expand their supply chains / manufacturing base in India for the manufacture of various goods and/or service business in the areas of Defence & Aerospace, Rail & Metro, Mining & Construction, Engines and aggregates with the overarching objective of 'AtmaNirbhar Bharat'. Positive responses have been received and is under compilation.

Procurement from MSMEs was 25% of the total indigenous procurement.

**25%**  
Procurement  
from MSMEs

## IT Initiatives

During the year, Air GAP network was installed to improve Cyber Security framework. Reliability of Internet connectivity was improved by installing a backup line and augmenting the bandwidth of existing line to allow for larger traffic. Video Conferencing was further enhanced, by conducting virtual meetings at Board Level and for internal meetings. Client and Partner interactions as well as recruitment interviews and training sessions across multiple locations have also been made virtual, resulting in significant cost savings. Paperless office initiative was further enhanced by implementing paperless meetings. Online 'File Life Cycle Management' contributed to over 97% of our approval workflow management leading to transparency and cycle time improvements. Employee experience was improved by implementing workflow enabled processes such as Travel Management, Expense Claim Management, Leave Encashment, and contactless visitor declaration forms due to Covid-19 precaution.

## HR and Administrative Initiatives

Human Resource Management in your Company has been constantly aligning the HR Practices, Policies & Procedures to cater to the business requirements and the changing needs of the Workforce. Building leadership capability across various levels in the Organization and creating a robust leadership pipeline has been the focus. People being the building block of your Company, continuous emphasis is being provided on nurturing, retaining, developing Human Resources to ensure that the people are 'Future ready'.

## The Way Forward...

### Defence & Aerospace

In Defence & Aerospace segment, major orders are expected for High Mobility Vehicles for various missile launching programmes, Recovery vehicles and Bridging systems. Orders are also expected for 50T Trailers, Overhauling of Tanks and aggregates, Aircraft Towing Tractors, Aggregates & Structures for National programmes.

Your Company is taking up new design & development programmes to meet the acquisition needs of the Indian Army such as Mine Field Marking Equipment Mk-II, Heavy Recovery Vehicles, MGS platform with Armoured RHD Cabin, Special Trailer for Large Antenna integration, Prime mover for Towing the 70T Semi / Full Trailer, Indigenous manufacture of TWMP for T-90 Tanks, Self-propelled mine burrier on HMV, Infrared Signature Suppression (IRSS) device for Ships and Variants for Launchers. Your Company is also developing India's first High Powered 1500HP Engine for Defence Application.

'Make in India Parks' are planned to be set up by attracting potential partners with niche technology and consequently minimize import dependency by Indigenisation of cabin for High Mobility Vehicles through ToT and Indigenous manufacture of Defence Spares through JV. This will not only facilitate indigenization of complex aggregates but will also create employment and exports opportunities.

On Export front, your Company is exploring opportunities for supply of High Mobility Vehicles, Bridging Systems (Sarvatra, PMS), Crew protection vehicles, AI based Medical Health & Diagnostics Systems (MHDS) for

friendly neighboring countries and other countries under Indian Line of Credit.

In Aerospace segment, your Company is supplying structures and aggregates for various Missile and National programmes. Also, plans are afoot for supply of various aerospace components and parts for global requirements from its newly established facilities at Bengaluru. Possible tie-ups with renowned OEMs are also underway and will help in adding revenue and propelling its growth.

### Rail & Metro

In Rail & Metro segment, your Company has planned to develop products with improved technology like driverless metro cars (UTO - Unattended Train Operation) for Mumbai Line #2 and Line #7. UTO cars are being designed and developed in the country for the first time. Supply of Driverless Metro Car for Mumbai Metro will start from FY 2020-21. R&D is working with IIT, Kharagpur for Bogie design under the Uchathar Aavishkar Yojana (UAY). R&D has planned to develop medium / high speed bogies with this collaboration.

Plans are already put in place for Indigenous manufacture of propulsions for Metro Cars / EMUs through JV. Your Company is pursuing tie-ups to cater to the requirement of upcoming Semi High-Speed Rail Medium / High speed Coaches / LHB Coaches.

Further, Metro Rail is 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. Your Company is optimistic about getting orders for upcoming Metro Car projects.

Maintenance equipment requirements are also increasing for Overhead Inspection Cars, Track Laying, Rail Grinding & Track Cleaning Machines.

Your Company has continued its journey in the streak of Maintenance equipment and bagged Orders for manufacturing and supply of 10 sets of Rail Grinding Machines.

### **Mining & Construction**

On Mining front, your Company has received orders for Indigenously Designed & Developed High end Excavators & Dumpers worth ₹450 Cr. and will be executing during FY 2020-21. Further orders are also expected for these equipment. These biggest electric drive dump trucks, excavator and bulldozer were designed and manufactured for the first time in India and are major import substitution products for the Mining sector.

Your Company has also received Trial-cum-sales order for supply of Indigenously Designed & Developed 180T Hydraulic excavator and 850 HP Dozers. Your Company is also working on design & development of 240T Dump Truck and 21 Cum. Rope Shovel.

With growing demand for coal production in India, coal companies are planning for higher capacity opencast mining projects; which obviously requires deployment of higher capacity mining equipment with latest technology.

Towards embarking on new technologies, your Company has developed 'Artificial Intelligence (AI) based products viz. Predictive maintenance of Mining equipment through AI based big data analytics and Machine learning algorithms and Sleep / Fatigued operator alert system on Mining equipment. These systems are designed to help improve productivity, maximize uptime and make it easy to manage the health of the equipment and safety of operator. Further, Autonomous Dozer project is under development.

### **Exports**

On export front, strategies are being aligned with global dynamics along-with focus on market expansion and market penetration. In order to increase exports, your Company has drawn strategies to export Defence equipment and Rolling stock in addition to Mining & Construction equipment through widening BEML's Distributor Network, setting up offices abroad, Joint Ventures, EXIM bank opportunities etc. With our leadership position in the domestic market for rolling stock for Metro applications, we are now focusing on export of rolling stock to the neighbouring countries and with the support and focus of Govt on Defence exports, we are targeting exports under defence lines to friendly countries.

### **Corporate Governance**

Your Company always strives to attain highest standard of Corporate Governance practice and is complying with Government Guidelines on Corporate Governance framed by Department of Public Enterprises (DPE) for CPSEs in letter and spirit. A report on Corporate Governance compliances has been made as part of the Board's report. Your company has been getting "Excellent" rating from DPE for complying various norms of Corporate Governance. Your Company has established systems and procedures to ensure that its Board of Directors is well informed about the policies of the Company to enable them to discharge their responsibilities and to enhance the overall value of all stakeholders.

### **Vigilance Initiatives**

Several vigilance activities were carried out in a holistic manner covering prevention, detection and enforcement viz., stores inventory management, Scrutiny of TA/DA & Medical

reimbursement claims, scrutiny of Annual Property Returns, on-line vigilance clearance, on-line submission of Annual Property Returns. Recently, Vigilance Department was accredited with ISO 9001:2015 QMS certification.

### CSR & Sustainable Development

CSR has been synonymous with your Company's core businesses. Your Company's spirit of caring and sharing is embedded in its CSR & SD Policy.

In the preface of outbreak of novel Corona Virus COVID-19 and to support this critical phase of Social and Economic crisis, One day Salary of all Executives & Employees amounting to ₹145 Lakhs and Twenty One days salary of CMD and Functional Directors amounting to ₹9.93 Lakhs was contributed to Prime Minister's National Relief Fund. Your Company has also contributed ₹50 lakhs to PM CARES Fund for the above purpose.

Your Company, during Lockdown, has carried out activities like free supply of food packets and drinking water daily to the needy people in nearby villages / areas in and around our factory premises located at KGF, Bengaluru, Mysuru and Palakkad. Further, more than 14000 facial cloth masks made voluntarily by BEML Ladies Club and other associations were distributed.

87% of energy requirement of your Company was met through "Green Energy" projects viz. 23MW Windmill Projects and 250KWp Solar Power, resulting in mitigation of 24037 tons of carbon during the year 2019-20.

**87%**  
Green  
Energy

### Customer Satisfaction

Your Company has initiated various measures for availability of Spare Parts and serviceability 24x7 to ensure reliability of supplied equipment and provide highest customer satisfaction.

Customer experience was further enhanced by implementing App based Customer Relationship Management System (BEML CARES) that can be used by our service engineers and customers through hand held device from remote locations.

### Awards

Your Company has achieved many accolades and awards and a few of them are :

- Received "SKOCH Award" under 'Corporate Excellence Gold Category' and "SKOCH Order of Merit" Award for design & development of Armoured Repair & Recovery Vehicle and Metro Cars for KMRCL.
- 3 Teams from BEML received 3 'Gold Award' in ICQCC -2019 International Quality Circle Competition.
  - o 'Cost Reduction in BH60M Dump Truck components by process improvements & Cycle Time Reduction',
  - o 'Performance Improvement in BG605 – Motor Grader Transmission' and
  - o 'Elimination of Auto Obstruction Detection Error in Metro Passenger Saloon Door'.
- Bestowed with Equipment India Awards under two categories, best seller in rigid Dump Truck and best seller in Crawler Dozer for the year 2018 at a function held at New Delhi.
- BEML Palakkad Complex has won the 'Kerala State Energy Conservation Award 2019' at a function held at, Thiruvananthapuram.
- Bagged Governance Now 6th PSU Award for its achievement and commitment to Raise the Standard in the Public Sectors.
- Honoured with 'Research & Innovation and



Digital PSU Award' by 'Governance Now' for outstanding contribution.

### **Acknowledgements**

Before I conclude, I would like to thank the Government of India, the Ministry of Defence and in particular, the Department of Defence Production, PMO, Ministry of Railways, MoHUA, MMRDA, NITI Aayog and other allied Administrative Departments of the Government of India in steering the Company, for its constant support and encouragement.

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 would like to extend my grateful appreciation to all Unions, Associations, Employees and Executives for their untiring efforts and

contribution. I am also thankful to our valuable customers, suppliers and other stakeholders for their trust and support.

Through this message, I also assure every stakeholder that your company is well positioned to weather the storms ahead and take advantage of opportunities that come up to acquire new capabilities and gain market share. Our whole-hearted commitment and efforts towards creating a more self-reliant ecosystem within the country would add more value for our shareholders. With renewed vigour, great confidence and relentless determination, we look forward to an exciting future ahead.

Sincerely,

Dr. Deepak Kumar Hota  
Chairman and Managing Director

## BOARD OF DIRECTORS



**Dr. Deepak Kumar Hota**  
Chairman and Managing Director and  
Director (Rail & Metro Business) Addl. Charge



**Shri Puneet Agarwal**  
Government Nominee Director



**Shri Suraj Prakash**  
Director (Finance)



**Shri M V Rajasekhar**  
Director (Mining &  
Construction Business)



**Shri R Panneer Selvam**  
Director (Human Resources)



**Shri Ajit Kumar Srivastav**  
Director (Defence Business)



**Dr. Gurmohinder Singh**  
Independent Director



**Shri Arvind Kumar Arora**  
Independent Director



**Smt. Balmuri Vanitha**  
Independent Director



**Dr. Deepak Kumar Hota**  
Chairman and Managing Director

## DIRECTORS' PROFILE

Dr. Deepak Kumar Hota (DIN:06600812) is an Economics Graduate from St. Stephens College, New Delhi with a Master's Degree in Personnel Management & Industrial Relations from XLRI, Jamshedpur.

He started his professional journey in HPCL, where in a career spanning 30 years he headed Refinery & Marketing HR function, Marketing Research & Planning function and later, HPCL Bio-Fuels. He joined BEML Board of Directors in 2013 and spearheaded various transformational HR initiatives such as building the leadership pipeline and creating a competency framework and an online customised HR Management system.

Dr. Deepak Kumar Hota with his rich experience in HR & business operations rose to the position of CMD, BEML, in July 2016. As CMD, he took defining steps enabling BEML to gain competitive edge, in the intense competitive business environment. His untiring efforts led to the Company achieving the highest ever Sales. He has been the driving force towards using IT as a major enabler across BEML's businesses and also in promoting sustainable development goals.

His astute business acumen has catapulted BEML to the top position in supplying metro coaches in the country against stiff competition from world's leading metro manufacturers. His fortitude and drive towards 'AtmaNirbharta', has led to BEML designing and manufacturing 'driverless metro cars', first time by an Indian company.

Dr.Hota, during his illustrious career has won several accolades and awards such as NHRD Award for Most Seasoned HR Professional of the year, Most successful HR & CEO by NIPM, XLRI Distinguished Alumnus Award (Practicing Manager), CEO with HR Orientation Award by World HRD Congress, FORE-TOP RANKERS Exemplary Leadership Award, Top Challengers Award at Construction World Global Awards and Outstanding Contribution to PSE Award by ICC. He was recently conferred with the PSU Leadership Award by 'Governance Now' and The Machinist 'Hall of Fame' award for outstanding contribution to Indian Manufacturing Industry. He was bestowed with the Honorary Degree of PhD by ManavRachna Educational Institutions (MREI) acknowledging his invaluable contribution in promotion and development of the Indian industry reflecting the true spirit of 'AtmaNirbharta'.



## Shri Puneet Agarwal

Government Nominee Director

Shri Puneet Agarwal (DIN:07192938) is a B.Tech in Electrical Engineering from IIT, Kanpur and also holds Masters in Public Administration from Syracuse University, New York Maxwell School of Citizenship and Public Affairs, USA. He belongs to the Indian Administrative Service of 1998 batch (Tripura Cadre). Shri Agarwal has been appointed as Government Nominee Director on the Board of BEML Limited w.e.f. July 27, 2020. Presently posted as Joint Secretary (Land System), Department of Defence Production, Ministry of Defence and had a wide experience in the area of land revenue system, rural development, IT, e-governance and finance in a career span of 22 years. He handled the Charge of JS (Coord) & CAO from November, 2019 to January, 2020 in the Department of Defence and served as Joint Secretary in the Ministry of Textiles, Government of India, from October, 2016 to November, 2019. Besides various important Cadre Postings, Shri Agarwal also worked as Director in the Department of Economic Affairs and as Deputy Secretary, Cabinet Secretariat in the Government of India.



## Shri Suraj Prakash

Director (Finance)

Shri Suraj Prakash (DIN: 08124871) is a Cost Accountant from the Institute of Cost Accountants of India. He assumed charge as Director (Finance) of the Company on 10.05.2018. Before assuming charge as Director (Finance), he was General Manager (Finance) in BHEL. He has rich and varied experience in Indirect Taxation, Tax Management, Tax optimisation & Systems improvements and has been instrumental in various key policies decisions like policy formulation, formation of consortium, technology collaboration, merger & acquisition, evaluation / appraisal of investment in JVs and capex investment etc. He was Chairman, Noida Chapter of the Institute of Cost Accountants of India during 1999-2001 and 2009-2012.



## **Shri M V Rajasekhar**

**Director (Mining & Construction)**

Shri MV Rajasekhar (DIN: 08467141) is a graduate in Metallurgical Engineering from VNIT, Nagpur and holds a post graduate degree, MTech in Welding Engineering from IIT Chennai. In addition, he has done his MS in Technology Management in Germany. He assumed charge as Director (Mining & Construction Business) of the Company on 01.06.2019. Prior to assuming the charge as Director, he served as Executive Director (Mining & Construction Business). He has a vast experience of over 31 years spread across several functions like R&D, Production, Planning, Marketing in Mining & Construction and Rail & Metro businesses.



## **Shri R Panneer Selvam**

**Director (Human Resources)**

Shri R Panneer Selvam (DIN: 08075917) is a Post graduate in Production Engineering with MBA having 36 years of experience, heading manufacturing Units both in Private and Public Sector Companies. He joined BEML Limited in the year 2004 as Deputy General Manager, KGF Complex. He assumed charge as Director (Human Resources) of the Company on 28.11.2019. Prior to assuming the charge as Director, he served as Executive Director (Corporate Planning and Materials). Over the period, Shri Selvam served in various capacities in different functional areas of the Company including Materials, Production in Defence as well as Mining & Construction verticals apart from heading Palakkad, Mysuru and KGF Complexes.



## **Shri Ajit Kumar Srivastav**

**Director (Defence)**

Shri Ajit Kumar Srivastav (DIN: 08741858) is a graduate in Mechanical Engineering from IIT Kharagpur. He joined BEML as an Engineer Trainee and in his professional career spanning over three decades in BEML, has worked in various critical functions. He assumed charge as Director (Defence Business) on 01.06.2020. Prior to assuming the charge as Director, he served as Chief General Manager (Defence Marketing). He played a significant role in phased indigenization of key products and import substitution. He also created a vendor ecosystem incorporating MSMEs and set up the Regional Quality Assurance Wing covering entire Northern India. As a District / Regional Manager, he has set up the first ever dealer network for construction equipment. As Head of International Business Division, he effectively used buyer's credit opportunities to enhance exports.



## Dr. Gurmohinder Singh

Independent Director

Dr. Gurmohinder Singh (DIN: 08199586) has Post Graduate Diploma in Journalism from Bhartiya VidyaBhawan and holds Ph.D from Delhi University. Dr. Gurmohinder Singh assumed charge as Independent Director of the Company w.e.f. 13.08.2018. Presently he is the Principal of Sri Guru Nanak Dev Khalsa College, Delhi University and also Associate Professor in Department of Punjabi. He has about 24 years of academic and teaching experience. Dr. Singh has published various books and articles from time to time.



## Shri Arvind Kumar Arora

Independent Director

Shri Arvind Kumar Arora (DIN: 08741858) is MTech from IIT Delhi and M.Phil from National Defence College (University of Madras). Shri Arora assumed charge as Independent Director of the Company w.e.f. 10.07.2019. He has served in various positions in Military Engineer Services, Government of India for more than 36 years and retired as Director General (Personnel). His area of specialization in Public Works, Infrastructure Planning and Management, Public Admin, Strategic Works, HR Management, Civil Engineering. He is also an Independent External Monitor (IEM) for Department of Telecom and HLL Infratech Services Limited.



## Smt. Balmuri Vanitha

Independent Director

Smt. Balmuri Vanitha (DIN: 08679028) is B.A. and LL.B from Kakatiya University. Smt. Vanitha assumed charge as Independent Woman Director on the Board of the Company w.e.f. 24.01.2020. Smt. Vanitha has started Advocate Practice in the year 1998 at Godavarikhani and has been practicing for the last 22 years.



CMD briefing Hon'ble Prime Minister, Shri Narendra Modi on BEML Driverless Metro Coach for Mumbai Metro



Handing over of dividend for the FY 2018-19 to Hon'ble Raksha Mantri, Shri Rajnath Singh



CMD, BEML with Hon'ble Prime Minister at Eastern Economic Forum, Exhibition at Vladivostok, Russia



Hon'ble Railway Minister, Shri Piyush Goyal with CMD, BEML during inauguration of Kolkata Metro East West Corridor



CMD greets Hon'ble Raksha Rajya Mantri, Shri Shripad Naik.



CMD seen with distinguished guests and Industrial body during the MoU signing at DEFEXPO 2020





Chief of Defence Staff Gen. Bipin Rawat in discussion with CMD at BEML Stall, DEFEXPO 2020



CMD seen with distinguished guests at DPIIT and FICCI Programme



Launching of indigenously designed & developed products by Hon'ble RM during AtmaNirbhar Week (7th to 14th August 2020)



Chief of the Army Staff Gen. M.M. Naravane inaugurated the BEML Stall at DEFEXPO 2020



CMD receiving Licence Agreement for ToT from DRDO at DEFEXPO 2020



MoU with Yakovlev Design Bureau, IRKUT Corporation



BEML signs MoU with IRCON International



Flagging off the last train set for Kolkata Metro (East-West) Project



BEML signs MoU with Wipro



Commencement of Proto car manufacturing of MRS-1 project in presence of Secretary MoHUA, and Metropolitan Commissioner MMRDA



CMD receiving SKOCH award for "Corporate Excellence Gold Category"



Conferring PhD Degree to CMD



The Machinist Hall of Fame award received by CMD



International Women's day celebrations at Bengaluru Complex.

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Tree Plantation Drive at KGF Complex



BEML Stall at International Mining Equipment, Kolkata



Energy Conservation Award-Palakkad



Innovation and Industrial Design Centre

**FINANCIAL HIGHLIGHTS**

S.No	PARTICULARS	UNITS	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>A</b>	<b>Our earnings</b>											
	Gross Revenue	₹ Lakhs	<b>301432</b>	346186	327728	280682	314769	264532	318115	309164	350432	342957
	Export	₹ Lakhs	<b>1450</b>	1920	2814	3016	27523	48433	8105	19813	14405	21750
	Total Gross Revenue	₹ Lakhs	<b>302882</b>	348106	330542	283698	342292	312965	326220	328977	364837	364707
	Less: Value of Consortium supplies	₹ Lakhs	<b>0</b>	0	0	232	13859	13048	14203	29090	72779	82091
	Revenue net of Consortium Supplies	₹ Lakhs	<b>302882</b>	348106	330542	283466	328433	299917	312017	299887	292058	282616
	Less: Excise Duty	₹ Lakhs	<b>0</b>	0	5987	33585	30372	18998	20866	18996	19409	17392
	Revenue from operations	₹ Lakhs	<b>302882</b>	348106	324555	249881	298061	280919	291151	280891	272649	265224
	Change in WIP/SIT	₹ Lakhs	<b>29194</b>	(1422)	(1866)	12509	(24371)	(20926)	(9706)	6992	42882	14800
	Value of Production (with Revenue from Operations)	₹ Lakhs	<b>332076</b>	346684	322689	262390	273690	259993	281445	287883	315531	280024
	Value of Production (with Gross Revenue)	₹ Lakhs	<b>332076</b>	346684	328676	296207	317921	292039	316514	335969	407719	379507
<b>B</b>	<b>Our outgoings</b>											
	Cost of materials	₹ Lakhs	<b>189051</b>	197062	172544	134573	147724	137368	161734	172427	184633	165880
	Employee Remuneration & Benefits	₹ Lakhs	<b>84387</b>	80193	80850	78072	75453	76911	71676	73940	72508	68315
	Interest	₹ Lakhs	<b>4050</b>	5939	4809	4780	4903	7051	11046	14099	8843	6127
	Depreciation & amortisation exp	₹ Lakhs	<b>7130</b>	6958	6424	6198	5577	5214	5356	5025	4392	3364
	Other Expenses	₹ Lakhs	<b>49907</b>	45747	50160	68768	66829	57720	59520	64992	65310	55330
<b>C</b>	<b>Our savings</b>											
	PBDIT	₹ Lakhs	<b>13586</b>	25993	27612	20807	18272	12956	17310	6891	19881	28166
	PBIT	₹ Lakhs	<b>6456</b>	19035	21188	14609	12695	7742	11954	1866	15489	24802
	PBT	₹ Lakhs	<b>2406</b>	13096	16379	9829	7792	691	908	(12233)	6646	18675
	PAT	₹ Lakhs	<b>6838</b>	6349	12945	8444	6366	676	468	(7987)	5725	14976
	Other Comprehensive Income (net of tax)	₹ Lakhs	<b>4358</b>	1321	7066	1189	1,051	-	-	-	-	-
	Total Comprehensive income	₹ Lakhs	<b>2480</b>	5028	5879	7255	5315	676	468	(7,987)	5,725	14,976
<b>D</b>	<b>Own capital</b>											
	Equity	₹ Lakhs	<b>4177</b>	4177	4177	4177	4177	4177	4177	4177	4177	4177
	Other Equity	₹ Lakhs	<b>221538</b>	214547	215846	213978	208728	203914	203807	203826	213031	209727
<b>E</b>	<b>Loan capital</b>											
	Loans from Banks	₹ Lakhs	<b>3620</b>	9751	13502	11285	19245	24553	54110	85181	83335	67419
	Other loans	₹ Lakhs	<b>30299</b>	30445	31055	32286	37515	39498	41481	40959	12525	14091

## FINANCIAL HIGHLIGHTS

S. No	PARTICULARS	UNITS	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>F</b>	<b>Financial Statistics</b>											
	Net worth	₹ Lakhs	<b>225715</b>	218724	220023	218155	212905	208091	207984	208003	217208	213904
	Property, Plant & Equipment and Intangible assets (at cost)	₹ Lakhs	<b>91955</b>	85900	75597	68294	59789	47230	120062	118377	112845	94543
	Accumulated depreciation & amortisation	₹ Lakhs	<b>30862</b>	23913	17312	11208	5344	-	70193	65303	59923	55590
	Net Block	₹ Lakhs	<b>61093</b>	61987	58285	57086	54445	47230	49869	53074	52922	38953
	Inventories	₹ Lakhs	<b>200272</b>	170227	179951	197446	169628	192117	215210	245620	242241	188891
	Trade Receivables	₹ Lakhs	<b>151037</b>	161305	164223	144137	124043	124182	115671	122452	100598	128840
	Working capital	₹ Lakhs	<b>272174</b>	216523	207781	212666	202534	202954	198422	206756	205462	162399
	Capital Employed	₹ Lakhs	<b>333267</b>	278510	266066	269752	256979	250184	248291	259830	258384	201352
	Value added	₹ Lakhs	<b>143025</b>	149622	150145	127817	125966	122625	119711	115456	130898	114144
	Final Dividend-Excl. Tax*	₹ Lakhs	<b>1041</b>	3332	3332	1666	416	416	1041	2082	4164	4164
	Interim Dividend-Excl. Tax	₹ Lakhs	<b>1041</b>	1874	-	-	-	-	-	-	-	-
	R&D Expenditure	₹ Lakhs	<b>10354</b>	7072	10204	7808	6663	8292	8623	9436	9779	9433
	No. of Employees	Nos	<b>6602</b>	7185	7722	8221	8827	9599	10328	11005	11644	11798
<b>G</b>	<b>Financial Ratios</b>											
	Revenue from operations per Employee	₹ Lakhs	<b>45.88</b>	48.45	42.03	30.40	33.77	29.27	28.19	25.52	23.42	22.48
	Value Added per Employee	₹ Lakhs	<b>21.66</b>	20.82	19.44	15.55	14.27	12.77	11.59	10.49	11.24	9.67
	PBT to Revenue from operations	%	<b>0.79</b>	3.76	5.05	3.93	2.61	0.25	0.31	(4.36)	2.44	7.04
	PBIT to Capital employed	%	<b>1.94</b>	6.83	7.96	5.42	4.94	3.09	4.81	0.72	5.99	12.32
	PAT to Net worth	%	<b>3.03</b>	2.90	5.88	3.87	2.99	0.32	0.23	(3.84)	2.64	7.00
	Debt Equity ratio	Times	<b>0.15</b>	0.18	0.20	0.20	0.27	0.31	0.46	0.61	0.44	0.38
	EPS	₹	<b>16.42</b>	15.25	31.08	20.28	15.29	1.62	1.12	(19.18)	13.75	35.96
	Final Dividend*	%	<b>25.00</b>	80.00	80.00	40.00	10.00	10.00	25.00	50.00	100.00	100.00
	Interim Dividend	%	<b>25.00</b>	45.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Revenue from operations to Capital employed	%	<b>90.88</b>	124.99	121.98	92.63	115.99	112.28	117.26	108.11	105.52	131.72

\* For F.Y 2019-20, Board has recommended a dividend of ₹3.50/- per equity share (i.e., 35%), this would result in a cash outflow of approximately ₹1458 Lakhs in F.Y 2020-21, subject to the approval of shareholders at the Annual General Meeting.

## BOARD'S REPORT

Your Board of Directors has pleasure in presenting 56th Annual Report along with Audited Financial Statements for the Financial Year 2019-20 of the Company for the year ended 31.03.2020 as under:

### Financial results:

(₹ in Crores)

Particulars	2019-20	2018-19
Revenue from Operations	<b>3029</b>	3481
Value of Production	<b>3321</b>	3467
Profit before Depreciation, Interest and Tax	<b>136</b>	260
Finance costs	<b>41</b>	59
Depreciation and amortization expense	<b>71</b>	70
Profit Before Tax	<b>24</b>	131
Tax Expense	<b>(44)</b>	67
Other Comprehensive Income	<b>43</b>	13
Total Comprehensive Income	<b>25</b>	50
Profit available for appropriations	<b>337</b>	267
Net worth	<b>2257</b>	2187

### Turnover & Profitability:

Your Company achieved revenue from operations of ₹3029 crores as against ₹3481 crores in the previous year, reduction by 13%.

#### Revenue from Operations



The Value of Production is ₹3321 crores as against ₹3467 crores in the previous year, reduction by 4%. The Profit before Tax was ₹24 crores as against Profit before Tax of ₹131 crores recorded in the previous financial year.

#### Value of Production



The spread of COVID-19 Pandemic and subsequent lockdown in the last week of March 2020, has impacted the Company's turnover and production due to the closure of Company's manufacturing facilities, disruption in spares & service business, non-receipt of items on account of supply chain disruptions, restrictive movements / non-availability of required trailers, etc.

Based on the information available (internal as well as external) upto the date of approval of these financial results, Company expects to recover the carrying amounts of intangible assets, trade receivables, inventory and other financial assets. Efforts are being made to minimize the impact and Company will continue to closely monitor the developments & future economic & business outlook and its impact on Company's future financial statements.

There was no change in the nature of 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 31.03.2020 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 2018-19 and the rating for the financial year 2019-20 is under self-evaluation.

### Dividend:

Your Board of Directors had approved an interim dividend of ₹2.50/- per equity share i.e., 25% on equity shares of ₹10 each on 13.03.2020 which was

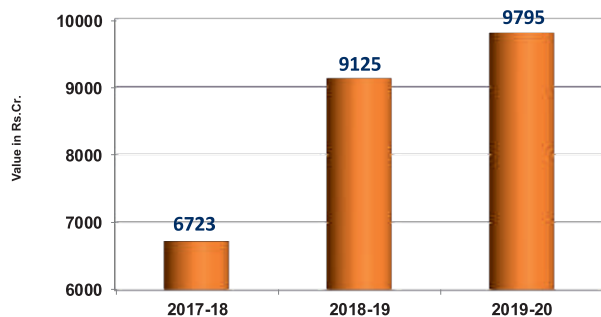
distributed among the eligible shareholders during March, 2020. Further, the Board of Directors has recommended a final dividend of ₹3.50 per equity share i.e., 35% on equity share of ₹10 each, aggregating to a total dividend of ₹6.00/- (i.e., 60% on equity share capital) for FY 2019-20 keeping in view the future prospects of the Company and at the same time meeting the aspirations of the shareholders.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, your Company has formulated a 'Dividend Distribution Policy' which includes the parameters and circumstances in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The said Policy is posted on Company's website [www.bemlindia.in](http://www.bemlindia.in).

#### Order Book Position:

The Order Book of Company as on 01.04.2020 is ₹9,795 crores the highest ever as against ₹9,125 crores in the previous year, a growth of over 7%. The Order book comprises of three business verticals, i.e., Mining & Construction, Defence & Aerospace and Rail & Metro.

#### Order Book Position 31st March



#### Exports:

During 2019-20, your Company made exports aggregating ₹15.33 crores (physical exports of ₹14.50 crores and export incentive of ₹0.83 crores) as against ₹19.49 crores (physical exports of ₹19.20 crores and export incentive of ₹0.29 crores) during the previous year. Exports were low due to impact of Covid-19 and delay in finalisation of tenders by customers.

#### Strategic Disinvestment:

Ministry of Defence (MoD) vide its letter dated 01.12.2016 communicated that Cabinet Committee

on Economic Affairs (CCEA) had accorded "in-principle" approval for strategic disinvestment of the Company. The Department of Investment and Public Asset Management (DIPAM) vide its O.M. dated 19.12.2016 communicated that an Inter-Ministerial Group (IMG) had been constituted by the competent authority for the purpose of appointing intermediaries such as Asset Valuer (AV), Transactional Advisor (TA) and Legal Advisor (LA) for the strategic disinvestment of 26% equity in the Company out of Government of India shareholding of 54.03%. After confirmation, the Company vide letter dated 06.01.2017 intimated NSE and BSE about the 'in-principle' approval of CCEA and also posted on the web-site of the Company in terms of Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'Listing Regulations'].

As per the terms, DIPAM has appointed M/s. SBI Capital Markets Limited as TA and M/s. Crawford Bayley as LA, and MoD has appointed M/s. RB SA Valuation Advisers LLP, Ahmadabad as Asset Valuer respectively. Further based on the advice of DIPAM, due diligence has been completed and the matter is under consideration of DIPAM / MoD.

DIPAM has further identified the non-operational / surplus assets. Land issues (non-operative) have to be decided before disinvestment of BEML by way of asset monetization and in case of assets not being sold, appropriate decision to be taken either to retain with the Company or otherwise. The legal advisor will take cognizance of the issue and advise the options available for settlement of land issues before disinvestment. DIPAM has appointed two Consultants, M/s. CBRE South Asia Private Limited, Gurgaon and M/s. JLL Property Consultants (India) Private Limited, Gurugram, for monetization of identified assets have already visited the properties and are in the process of submitting their reports to DIPAM.

#### Quality:

At BEML, Corporate Quality Policy emphasizing Total Quality Management (TQM), ensures that, Products, Services and Processes meet stringent standards and requisite performance criteria. A separate Quality Department spearheads the thrust towards Total Quality Management. The Quality function is headed by an Executive Director, reporting directly to CMD of the Company and is responsible for overall Product and Service Quality.





Team MARVEL receiving "PAR EXCELLENCE" at NCQC 2019 held at IIT-BHU, Varanasi

All manufacturing divisions have been certified for Quality Management System (QMS) to ISO 9000-2015 Standard and also for Environmental Management System (EMS) to ISO-14001-2015 Standard. Further, Bengaluru Complex is certified as per BS: OHSAS 18001-2007 Integrated Management System Standard and Aerospace Manufacturing Division (ASMD), Mysuru Complex has been certified as per AS9100D standard.



BEML Team receiving GOLD Award at ICQCC 2019

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

- Towards improving Quality of welding, MoU for welding consultancy was entered with M/s WRI, Trichy during the year. Some of the challenges being faced by the divisions, in developing Critical Structure, Analysis of structures and Weld joint design for new products like Rope Shovel / Walking dragline, Bogie frame, Aluminum car body, Welding process qualification of Titanium / Miraging steel / Armor steel welding of Aerospace division are taken up.
- Mobile app - Customer complaint handling

system was introduced during the previous year is being utilized by Customer and Service team to resolve customer complaints. This has resulted in addressing the customer grievances quickly.

- Vendor development remains the "focus area" to improve Quality of Vendors' supplies. During the year, focus was given to upgrade the Quality system of vendors by extending support and encouraging vendors to improve their facilities and implement quality system, which resulted in increase of ISO 9000 certified vendors in the vendor base to 88.5%.
- Supply of Products and Spares to Armed Forces, are currently being inspected by DGQA. BEML has taken up the task of getting Self certification status and has successfully registered 33 products and spare parts by DGQA. The process of getting Self certification is expected to be completed during 2020-21.
- Quality Assurance system was continuously monitored across all the manufacturing divisions to ensure Quality improvements, in Design, Processes, Systems. Few initiatives taken towards Quality Improvement across the divisions, through Cross Functional Teams, are as under:
  - (i) 642 Kaizen projects were implemented across the divisions.
  - (ii) 137 Quality Improvement projects were implemented to reduce rejection and overcome field failures.
  - (iii) 39 Design and system improvements, to enhance the reliability of the products were implemented during the year.
  - (iv) 188 nos. Jigs & Fixture were added and upgraded to improve Manufacturing Quality.
  - (v) Continuous training through Centre of Excellence established at all Complexes is being carried out for skill upgradation.
- To motivate Quality improvement initiatives in the divisions, Quality Circle activities are promoted in the organization and also Quality Circle teams are nominated to participate in National and International Level competitions. For the year 2019-20, Three QC teams had participated in International convention on Quality control circles (ICQCC-2019) held at Tokyo and all were accorded with GOLD awards.

**Make in India Initiative and Indigenization:**

BEML has achieved level of indigenization over 90% in the mainline M&C products, Rail coaches & EMU's, over 80% in High Mobility vehicles (HMV) and over 65% in Metro cars. Further, following efforts are underway to reach higher levels:



BEML launched MBPV -MK II GAUR

During the year under this initiative, Company has designed and developed products such as BE1000-1 Hydraulic Excavator, BE210 Hydraulic Excavator, BD155 with CLSS hydraulic system, AI based Predictive Maintenance of mining equipment in M&C Business, AI Powered Medical Health Diagnostic System (MHDS), Medium Bullet Proof Vehicle (MBPV), Mobile Standby Command Post Vehicle (MSCP), Mounted Gun System (AK630) in Defence business and design and development of 8W (SG) CMV, 6 car train set of BMRCL 42 cars contract, Kolkata Metro (E-W) train sets further to safety clearance have been deployed into revenue service, 8W DETC successfully completed the Oscillation trials and clearance obtained for bulk production in Rail & Metro business.

Your Company is working towards 'ZERO IMPORT' policy of the Government, through ToT / JVs; BEML has published 'Expression of Interest' for indigenous development of imported items. Development POs have since been placed for 139



BEML launched Driver less Metro Car

items. In line with MoD guidelines, Top-20 imported items have been identified for Indigenization out of which 7 items have been indigenized during 2019-20.



BEML Launched BE210 Excavator

BEML has planned to set up 'Make in India Parks' for indigenous manufacture of cabins for HMVs through ToT, indigenous manufacture of defence spares and propulsions for Metro Cars / EMUs through Jvs.

To further enhance indigenisation, BEML has invited 'Expression of Interest' for manufacturing and technology partnerships with reputed global OEMs looking to establish and / or expand their supply chains / manufacturing base in India for the manufacture of various goods and/or service business in the areas of Defence & Aerospace, Rail & Metro, Mining & Construction, Engines and aggregates with the overarching objective of "Aatmanirbhar Bharat".

**Renewable Energy Development, Energy Conservation, Research & Development and Technology Absorption:**

**(i) Renewable Energy Development:**

Your Company has installed 23MW Windmill Projects and 250KWp Solar Power units in



A view of BEML Windmill Project

realizing the goal of 'Go Green'. With this and other initiatives, 87% of energy requirement of the Company is being met through "Green Energy" as against 75% during 2018-19 resulting in mitigation of 24037 tons of carbons during the year 2019-20.



With 200 KW solar panel, Mysuru Complex is eco-friendly

**(ii) Energy Conservation:**

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. Across all units and offices of BEML all the conventional lighting viz. Bulbs / Fluorescent Tubes / CFL have been switched over to LED Lighting system and reconditioning of furnaces to reduce heat loss and conserve energy. Further, change over to LED lighting system is being carried out in townships.

**(iii) Research & Development and Technology Absorption:**

Your Company has given special focus to spread the awareness about innovation culture and intellectual property rights in the Company and 51 patents, 13 designs, 4 copyrights and 2 trademarks were registered during the year, which was 140% of the MoD target (50). 11 technical papers were published by R&D engineers in national / international journals / conferences during the year 2019-20.

R&D center at KGF is fully equipped with facilities for design, simulation and testing of Earth Moving & Construction and Defence equipment and is one of the biggest development centers in India and it is supported by R&D centers located at Truck and Engine Divisions in Mysuru and at Rail & Metro division in Bengaluru.

R&D Centers at KGF, Mysuru & Bengaluru are recognized by the Department of Science & Technology, Government of India.

During the year 2019-20, R&D test facilities have been upgraded with latest testing equipment.

The R&D set-up of Mining & Construction Business is engaged in development of high-end Mining equipment, Rope Shovels and Walking Draglines besides upgradation of existing products to meet customer needs.

Defence R&D set-up is engaged in development of Armoured Vehicles, Medical Health Diagnostic System, Recovery Vehicles, Trailers, High Mobility Heavy Duty Vehicle.

Rail & Metro R&D set-up is engaged in design & development of Metro & Railway rolling stock products, up-gradation of existing products based on the market need and indigenization of imported aggregates.

All R&D set-ups are also engaged in indigenization and development of import substitution products.

68% of sales turnover achieved was from in-house R&D developed products.

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 energy conservation 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 ₹489 crores and the total foreign exchange utilized was ₹371 crores.

A sum of ₹1.51 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. ICRA has affirmed the long-term rating of [ICRA]A+ and the short-term rating of [ICRA]A1+ for ₹4,500 Crores

(enhanced from ₹2,750 Crs) on 14.05.2020 towards fund based cash credit and non-fund based bank guarantee limit. The outlook on the long-term rating is Negative. Further, ICRA has affirmed the rating of long term non-convertible debenture of ₹300 crores with [ICRA]A+ (Negative). In addition, ICRA has assigned the rating [ICRA]A1+ for the proposed issue of Commercial Paper. This rating indicates very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk. Accordingly, the said changes in the credit ratings has been communicated to Stock Exchanges and the same are placed on Company's website.

Pursuant to BSE Circular LIST/COMP/59/2019-20 dated 03.03.2020 (initial disclosure was made on 22.04.2019 as per SEBI notification SEBI/HO/DDHS/CIR/P/2018/144 dated 26.11.2018), confirmation was filed by the Company on 05.05.2020 that BEML is not identified as Large corporate (LC) as per the framework provided, the Company does not comply with the requirement under clause 2.2(iii)-Credit rating of 'AA' and above.

Your Company has issued Commercial Paper (CP) of 2000 units valuing ₹100 crores to SBI on 22.06.2020 at discounted price of 3.9% through IDBI Bank Ltd as the Issuing and Paying Agent of CP, and the same will be matured after 90 days from the date of issue. The said CP has been listed with BSE.

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on 31.03.2020 has been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31.03.2020.

The Company's contributions to Central and State Exchequers were in the order of ₹314 crores during the year by way of Customs Duty, GST, Dividend and Tax there on, and other taxes and duties.

#### **Internal Financial Controls:**

Adequate Internal Financial Controls (IFCs) are put in place by the Company with respect to Financial Statements. The Company has various manuals such as, manual for Accounts, Cost Accounting & Pricing, Stores, Purchase, Audit, etc., and the same

are being periodically updated, circulated and also uploaded in 'BEML Bulletin Board' for viewing and compliance by employees and executives concerned for carrying out various activities in a transparent manner and in line with the delegation of powers and no instances of material weakness in the operations has been observed. The adequacy of internal financial controls over financial reporting is covered by the Statutory Auditors in their Audit Report. In addition, the details of the IFCs are included under the heading 'Internal control systems and their adequacy' in the Management Discussion & Analysis Report which forms part of this report.

#### **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:**

Your Company has formulated "Risk Management Policy" pursuant to Section 134(3)(n) of the Companies Act, 2013, Regulation 17(9) of the Listing Regulations, and Para 7.3 of DPE Guidelines, with an objective to ensure sustainable business growth with stability and to promote a pro-active approach in identifying, evaluating, reporting and managing or mitigating risks associated with the business. In order to achieve the key business objectives, the policy establishes a structured and disciplined approach to risk management in order to mitigate the risk related issues.

The Corporate Risk Committee prepares the key risks along with mitigation plans and report to the Risk Management Committee constituted in terms of Regulation 21 of the Listing Regulations, for review and apprising the Board.

The Board reviewed the key risks along with mitigation plans and monitoring the status on risk management periodically. The said policy is placed on the Company's website [www.bemlindia.in](http://www.bemlindia.in).

#### **Related Party Transactions:**

Pursuant to Regulation 23 of the Listing Regulations, your Company has formulated a "Policy on Related Party Transactions" to regulate transactions entered into between the Company and its related parties. Further, in terms of Regulation 46(2)(g) of the Listing Regulations, the said policy is placed on the web-site of the Company

at [www.bemlindia.in](http://www.bemlindia.in).

During the year 2019-20, 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 noted by the Audit Committee. Information as required under section 188 in Form AOC-2, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, is attached to this report as **Annexure-II**.

### **Report on the performance and financial position of subsidiaries and Joint Venture Company**

#### **Subsidiary Companies:**

##### **(i) M/s Vignyan Industries Limited (VIL):**

VIL has achieved Revenue from Operations of ₹14.68 crores as against ₹27.08 crores in the previous year, declined in the growth by about 46%. The value of production of the Company stood at ₹14 crores as against ₹25 crores and the Company incurred a loss of ₹4.70 crores as against profit of ₹0.51 crores in the previous year due to break down of 20 ton Mixer barrel and electrical cables connecting the 2 ton Furnace and other related problems faced during the year and lock down due to COVID 19 pandemic impact in March 2020.

MoD vide letter dated 27.02.2019 has constituted Inter-Ministerial Group (IMG) and Evaluation Committee (EC) for disinvestment of BEML shares in VIL. Accordingly, Transaction Advisor (TA), Legal Advisor (LA) and Asset Valuer (AV) were appointed. By following due process, EoI / PIM was published on 04.09.2019 for seeking probable bidders. However, no response was received. Matter has been taken up with MoD for further advice on disinvestment / closure.

##### **(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 a 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 2019-20, the Company has incurred a sum of ₹12.54 crores (Previous Year-₹10.51 crores), 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 ₹60.54 crores (Previous Year - ₹58.51 crores) is disclosed as 'Advance to MAMC Consortium' pending allotment of equity shares in the capital of JV company.

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 three members of the consortium, has been submitted to MoD for necessary approval. Further, MoD has directed to submit 'Business Plan' and 'Financial Viability Report' of the proposed JV. A meeting of Interim Board of Management of Consortium has decided to engage M/s. SBI Caps for preparing the "Financial viability & Business Plan" report. But, it has been decided not to pursue the matter considering the exorbitant fee quoted by SBI Caps.

Further, a communication vide letter dated 20th August 2019 was sent to CIL & DVC seeking their consent on BEML Proposal for (i) to transfer BEML shares to consortium members or to dispose-off the assets of erstwhile MAMC in open market through auction. CIL vide mail communication dated 30.12.2019 informed that the matter was deliberated in their FDs meeting held on 27.12.2019 & approved as under:

- i) To give NOC to dispose of the assets of MAMC at New Delhi and Nagpur to M/s BEML on present market rate
- ii) Re-valuation of property of MAMC by third party on cost sharing basis
- iii) Disposal of scrap of MAMC plant, Durgapur to be discussed in the next IBM meeting.
- iv) Exit of BEML from the MAMC Consortium to be discussed in the next Interim Board of Management meeting.

After consistent follow up with DVC, a communication has been received on 15.05.2020 stating that matter could not be put up formally to their board for decision due to Covid-19 and lockdown, and will be taken up after opening of the office.

### **(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. In view of this, BBIL is kept under dormant state. BEML has decided to close the office based on the legal opinion obtained. In this process, an amount of USD 55,380.87 has been repatriated from BBIL account to the account of BEML India. Cancellation of company registration number (CNPJ No) is completed and the Company is closed on 21.05.2019.

### **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. Based on 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 passed 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 (RD), Ministry of Corporate Affairs, Hyderabad for time bound completion of investigation so that the matter could effectively be heard by CLB. In the meanwhile, the Government has constituted National Company Law Tribunal (NCLT) by dissolving CLB and notified that the jurisdiction is shifted to Hyderabad from Chennai. The case files were transferred to NCLT. Based on the order of NCLT dated 22.12.2017 consequent to the request from the landlord to vacate the premises of Registered Office (RO) of BMWL for his bonafide use, it has been shifted to a suitable place in the city on 30.03.2018 and the communication in this regard has been sent to MCA, NCLT & MGPL. Regular hearings are taking place at NCLT, however, RD-MCA is yet to submit the investigation report for deciding the matter.

There was no company which became or ceased to be a subsidiary, joint venture or associate of the Company during the year under review excepting the subsidiary, M/s BEML Brazil Industrial Ltda was closed on 21.05.2019.

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.

### **Particulars of Loans, Guarantees or Investments:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement.

### **Consolidated Financial Statement:**

In terms of Section 129(3) of the Companies Act, 2013, your Company has prepared the Consolidated Financial Statement of its subsidiaries excepting consolidation with respect to JV company, M/s BEML Midwest Limited due to complete cessation of activities as the matter is subjudice, is attached to this report.

### **Vigilance:**

Your Company has a Vigilance Department headed by an independent, full-time Chief Vigilance Officer (CVO). The Vigilance Activities were carried out in a holistic manner and covered prevention, detection and enforcement. Vigilance is basically and admittedly a managerial function and, therefore, it is an integral part of the duties of an executive. CVO advises management on all matters pertaining to Vigilance. As an extended arm of the Central Vigilance Commission in its exercise of superintendence over Vigilance Administration of the Company, CVO provides the link to the Administrative Ministry and the CBI.

Complaints received by the Vigilance Department were handled as per Complaint Handling Policy of the Company. Such complaints were registered after owning and investigated only after determining 'Vigilance Angle'. The registered complaints are disposed after detailed investigation. 09 registered complaints were investigated and 07 were disposed of as on 31.03.2020. Subsequently, balance 02 registered complaints have been disposed of. After due verification/investigation, recommendations were made to the Management for initiating disciplinary action against Executives/Employees who were found responsible for the irregularities.

Surprise checks, periodic checks, scrutiny of purchase orders/contracts, Scrutiny of TA/DA & Medical reimbursement claims, scrutiny of Annual Property Returns, 08 CTE type of in-house inspections and 12 system studies were conducted during the fiscal year 2019-20. Based on the outcome of these, Systemic Improvements were recommended to Management, which mainly pertain to process improvements, management of procurement activities, contract, stores/inventory, engagement of advisors/consultants, quality of products/aggregates, review / rationalisation of routes of buses hired for transportation, etc.

From April 2019 to March 2020, more than 5250 vigilance clearances have been processed on-line for executives and employees of BEML on the 'SAMPARK' Portal.

Requirement of CCTV Cameras installed was reviewed & additional installations to augment the surveillance of sensitive points were recommended. The introduction of CCTV surveillance in new area has also helped the organisation to reduce the daily manpower requirement and thereby accrue annual

savings directly besides enhancing vigilance effectiveness.

BEML Vigilance Department is striding fast ISO 9001:2015 certification for vigilance department at all BEML locations. Certification Audit completed at all the divisions by March 15, 2020 except HQ and just one step away (due to COVID-19 lockdown) from getting ISO 9001:2015 certification.

The Vigilance Awareness Week-2019 with the theme "Integrity - A way of life" was observed in BEML Limited from 28th October 2019 to 2nd November 2019 in line with CVC guidelines. Citizens Integrity pledge was also administered to the Staff of BEML Limited as well as students & staff at schools and colleges where the Company had organised events as part of Observance of Vigilance Awareness Week - 2019.

A 'Vendor Meet' was organised at Corporate Office of BEML on 25.10.2019 & simultaneously across all divisions of BEML linked through Video Conferencing facility. Presentations were made regarding Vendor Development initiatives and vendor oriented IT initiatives like receipt of Tender fee & EMD through SRM and Auto return of EMD through SRM, display of technical compliance sheets, display of quotation details, on-line bill tracking & alert system, etc. Vendors evinced keen interest in BEML initiatives and a very active interaction session was observed. The grievances aired were addressed and suggestions for improvement were noted.

At Bengaluru, the staff of PSUs including PSBs participated in a 2 km Walkathon - "Vigithon" on 03.11.2019. The theme of VAW- "Integrity - A way of Life" was the emphasis during the "Vigithon." Almost 265 staff from all of the above organisations put together participated in the "Vigithon." Walkathon was also organised at all the Complexes of BEML during VAW-2019.



BEML participated in Walkathon - Vigithon - theme of "Integrity A way of Life"

On account of systemic improvements, there is substantial increase in Open Tender percentage in total procurement.

During 2019-20, CVO inspected various Regional/ District offices of BEML Limited, vendor works/ defence installations and recommendations on systemic improvements were made such as improving stores activities, streamlining supplies to Stores, inventory management, clearing of bills, customer complaint handling as well as management of BEML land, good practices to be adopted, etc.

Other initiatives were also reviewed with respect to payment system to vendors, increasing transparency in dealing with public/stakeholders, training programmes on vigilance awareness, meetings on preventive vigilance, 'BEML Cares' mobile app launched for handling customer complaints etc.

As an innovative initiative towards integrated approach to Ethical Management to deal with ethical dilemmas at work place, coined as 'PRAYAAS' by CVO, BEML, various levels of executives were trained and a booklet was released during VAW-2019 as well as published on BEML website.

#### **Whistle Blower Policy:**

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013, Regulation 22 of the Listing Regulations and Para 4.3 of the DPE Guidelines, your Company has formulated "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. Further, pursuant to Schedule II (A)(18) of Listing Regulations and as per 4.2.12 of DPE Guidelines, the Audit Committee reviews the functioning of the whistle blower mechanism periodically. As per the said policy, none of the employees have been denied access to Audit Committee. In terms of Regulation 46(2)(e) of the Listing Regulations, the said policy is placed on the Company's website [www.bemlindia.in](http://www.bemlindia.in).

#### **Integrity Pact:**

Integrity pact is being adopted pursuant to the directives from Central Vigilance Commission and Ministry of Defence, with all Vendors / Supplier's /

Contractor's / service providers for all orders / contracts of value ₹1 crore and above.

The pact essentially envisages an agreement between the prospective vendors / bidders and the Company, committing the persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract.

Only those vendors / bidders, who commit themselves to such a pact with the principal, would be considered competent to participate in the bidding process.

Integrity pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the completion of contracts. Any violation of the same would entail disqualification of bidders and exclusion for future business dealings.

Two Independent External Monitors (IEMs) have been appointed to review the cases on bi-monthly or quarterly basis. During the FY 2019-20 ₹2863 Crores of purchase orders were entered into Integrity pact.

#### **Procurement:**

As part of continuous improvement towards transparency and convenience to suppliers/ partners your Company has implemented "Online Vendor Payment Tracking Option" to check status of payments against supplier/ services / payment orders. Tender status updates are provided through automatic emails to bidders with reasons for rejections.

After opening of the Price Bids, all technically qualified/ pre-qualified bidders will be able to see the price details of other bids submitted against the tender.

During the year about 89% of the total requirement was sourced through e-procurement.

#### **Micro and Small Enterprises:**

As per the directive of Government, minimum 25% (from 9th November, 2018) of procurements have to be procured from MSEs amended from 20% earlier and provide a minimum 3% reservation for women owned MSEs and 4% for SC/ST Enterprises.

Your Company has systematically developed extensive vendor base covering most of the outsourcing requirements and during the year 2019-20, Company has procured ₹405 Crores out of ₹1610 Crores local procurement which constitutes 25% from MSE's.



In order to encourage MSEs vendor meet had been organized and list of components that could be sourced from MSEs are placed on Company's website for the information of MSE Vendors. Further MSE procurement data is uploaded on "MSME SAMBANDH" portal on monthly basis.

**Vendor Development:**

Your Company's vendor development is a continuous process to identify and develop new vendors to bring in competition among the vendors and to reduce costs. The following methods are generally followed to identify potential new vendors. The methods generally followed to identify potential new vendors are, Publication of Expression of Interest (EoI) in BEML Website, Participation in exhibitions and seminars and Organize Vendor meets.

In order to increase vendor base, Open ended Expression of Interest (EoI) for registering the new vendors, development of the critical items and Import substitute items is published and available on BEML website. During the year 2019-20, 91 vendors have been included.

Your Company recognizes outsourcing as one of the strategic tools to achieve cost benefits and also complement the strengths of private sector to build a strong industrial base. BEML has established itself as a system integrator by outsourcing a substantial part of manufacturing activities from domestic vendors. To facilitate outsourcing, policies, procedures and guidelines are put in place and the Company has established Vendor Development Cell as a single window help desk.

- New vendors can register through Online/ Manual.
- New vendors are supported by way of imparting knowledge on manufacturing processes, specifications, quality plans, etc.
- Company also extends its testing facilities to its vendors wherever required.
- To attract new vendors, Company resorts to publishing of open ended EoI, participation in all vendor development programs organized by MoD, MSMEs, CII, FICCI, CODISSIA, NSIC, PIA, NSSH and other agencies.
- To enhance transparency in all its procurement processes, Company has well

established e-Procurement Portal.

Further as per the directives of Ministry of Defence, BEML has framed an "Outsourcing and Vendor Development Policy" as duly approved by the Board. The objective of the policy is to enhance cost effectiveness and improve competitiveness of the Company in Global market. The other significant objective of this Outsourcing and Vendor Development Policy is to build a manufacturing eco system in the Country to attain self-reliance. Based on the policy so framed, a Road Map for Vendor Development has been prepared with yearly targets and monitored at the Board level periodically. The procurements from Single source are being reviewed by the Audit Committee and Board periodically.

**Compliance under the Right to Information Act, 2005:**

Pursuant to Section 4(1)(b) of Right to Information Act, 2005 (RTI), the requisite information for citizens is provided on our Company website, i.e., www.bemlindia.in. It contains general information of the Company Functions, Duties, Powers of employees / executives, decision making process, rules, regulations, manuals & records held by BEML, directory of the Company's executives, pay scales of executives / 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 executives representing for Complex / Divisions to attend to the queries and appeals. Further, during the year 2019-20 the Company received 173 applications seeking information pertaining to human resources, recruitment, contracts, tenders, business related matters etc., and the same were disposed of.

**Rajbhasha:**

Your Company is committed to adhere to the Official Language (OL) policy of the Government of India. During 2019-20, Company has achieved various targets prescribed in the Annual Program 2019-20 issued by Department of Official Language, Ministry of Home Affairs, Government of India to transact official work in Hindi. The efforts made towards implementation of Official Languages include :

- OL Inspections: MoD officials conducted OL inspections of RO, Mumbai on 21 May 2019 and Activity Centre, Vizag on 3 October 2019.

Ministry of Home Affairs Officials conducted OL inspection of RO, Kolkata on 19 July 2019. Committee of Parliament on Official Language conducted OL inspection of Regional Office, New Delhi on 28 February 2020. A total of 6 inspections on OL conducted during the year under review by Sr. Executives of the Corporate Office at Singarauli, Mysore, Bilaspur, New Delhi, Mumbai and Chennai.

- **Bilingualisation:** A comprehensive document of bilingual standard correspondence (Pre recruitment to post retirement) of HR Department was prepared and issued by OL Dept. for usage in all Units/Offices of the Company. Section 3(3) documents, replies to the letters received in Hindi, correspondence, Rule 11 items (stationary, codes and manuals, procedural literature) are being issued in bilingual in all Units and offices of company in accordance with OL rules.
- **Hindi Fortnight Celebrations:** Hindi Fortnight was observed in the Corporate Office, all Complexes and all Regional/District offices with great zeal from September 14, 2019 to September 27, 2019. During this period, executives and employees were motivated to do their maximum work in Hindi and competitions such as Hindi Quiz, Hindi Crossword, Administrative Terminology, Hindi calligraphy, Antakshari, Noting & Drafting, etc. were organised. Instructions were issued to all offices to take the pledge on Hindi Day i.e. on September 14, 2019 in accordance with the guidelines issued by the Ministry of Defence and Department of Official Language, Ministry of Home Affairs.
- **Hindi Training:** A total of 330 executives/employees were trained in various courses of Hindi under Hindi Teaching Scheme of Government of India during the period under review.
- **Hindi workshops:** A total of 17 Hindi workshops have been convened and 474 executives/employees were trained.
- **Rajbhasha Award:** Corporate Office has bagged Rajbhasha Shield from Town Official Language Implementation Committee (PSU), Bengaluru for commendable performance in implementation of Hindi during the year 2018-19.
- **Hindi Annual Report and 3 Issues of "BEML**

Journal" have been brought out during the year. Company's website is also available in Hindi and being updated simultaneously. Efforts are in progress to ensure OL Implementation and achieving progressive usage of Hindi across BEML.

#### **Committees of the Board:**

The following Committees required under Companies Act, Listing Regulations, DPE guidelines / MoD Directives are constituted by the Board to function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility and Sustainability Committee
- Procurement Committee
- Share Certificate Committee

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

#### **Composition of Audit Committee:**

In terms of Section 177 of the Companies Act, 2013, Regulation 18 of the Listing Regulations and Chapter 4 of the DPE Guidelines, your Company has constituted the Audit Committee. The Committee comprises of Dr. Gurmohinder Singh, Independent Director as Chairman, Shri Arvind Kumar Arora, Independent Director, Shri M V Rajasekhar, Director (Mining & Construction Business) as its members. All the recommendations made by the Audit Committee were accepted by the Board.

#### **Compliance of applicable Secretarial Standards:**

Section 118(10) of the Companies Act 2013, stipulates that the Company shall observe secretarial standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) as specified by the Institute of Company Secretaries of India. Further, the Standard 9 of SS-1

stipulated that the Report of the Board of Directors shall include a statement on compliances of applicable Secretarial Standards. Accordingly, your Company has complied with the provisions of applicable standards of SS-1 and SS-2 issued by the Institute of Company Secretaries of India in letter and spirit.

**Corporate Governance Report:**

In terms of Para 8.2.3 of the DPE Guidelines of CPSEs grading is done by DPE on the basis of compliance with Corporate Governance guidelines / norms. Accordingly, your Company is graded as 'Excellent' for the year 2019-20. Further, in terms of Regulation 34 of the Listing Regulations and Chapter 8 of the DPE Guidelines, a report on Corporate Governance along with Compliance Certificate is placed at **Annexure-III**.

**Management Discussion and Analysis Report:**

In terms of Regulation 34(2)(e) of Listing Regulations and Para 7.5.1 of the DPE Guidelines, a report on Management Discussion and Analysis Report is placed at **Annexure-IV**.

**Business Responsibility Report:**

In terms of Regulation 34(2)(f) of Listing Regulations, a Business Responsibility Report (BRR) for FY 2019-20 describing the initiatives taken by the Company on environmental, social and governance perspective, in the format as specified by SEBI from time to time is placed at **Annexure-V**.

**Awards & Recognitions:**

- On 2nd August, 2019, BEML received "SKOCH Award" under 'Corporate Excellence Gold Category' and "SKOCH Order of Merit" Award for design & development of Armoured Repair & Recovery Vehicle and Metro Cars for KMRCL
- On 24th September, 2019, Company bagged "International Quality Gold Award – 2019" for 'Cost Reduction in BH60M Dump Truck components by process improvements &

Cycle Time Reduction', 'Performance Improvement in BG605 – Motor Grader Transmission' and 'Elimination of Auto Obstruction Detection Error in Metro Passenger Saloon Door'.

- On 17th October 2019, Company was bestowed with Equipment India Awards under two categories, best seller in rigid Dump Truck and best seller in Crawler Dozer for the year 2018 at a function held at New Delhi.
- On 8th December 2019, CMD has been conferred with Honorary Doctorate of Philosophy (Ph.D) by Manav Rachna University, Faridabad
- On 18th December 2019, CMD was honoured with The Machinist 'Hall of Fame' award for invaluable contribution to Indian Manufacturing Industry at Global Manufacturing Summit held at Ahmedabad.
- On 18th December 2019, BEML Palakkad Complex has won the 'Kerala State Energy Conservation Award 2019' at a function held at Energy Management Centre, Thiruvananthapuram.
- On 17th January, 2020, CMD was conferred with 'Most Admired Leader Award 2020' by IIPM and FEIL "for outstanding contribution as a leader focussed on developing people and organisational capability".
- On 19th February 2020, BEML was honoured with 'Research & Innovation and Digital PSU Award' by 'Governance Now' for outstanding contribution.

**Manpower:**

The number of employees of the Company as on 31.03.2020 stood at 6,602 as against 7,185 of the previous year resulting in 8.11% reduction.

The category-wise number of SC/ST and Ex-Servicemen employees as on 01.01.2020 and recruitment made are as under:

Category / Group	Total Strength As on		No. of SC/ST and Ex-servicemen					
	1.1.2020	1.1.2019	Scheduled Caste		Scheduled Tribe		Ex-Service Men	
	1.1.2020	1.1.2019	1.1.2020	1.1.2019	1.1.2020	1.1.2019	1.1.2020	1.1.2019
Group-A	2049	2083	382	387	107	107	25	23
Group-B	71	77	12	13	4	5	0	0
Group-C	4595	5115	1038	1157	248	263	223	238
Group-D	15	18	8	10	3	3	0	0
<b>Total</b>	<b>6730</b>	<b>7293</b>	<b>1440</b>	<b>1567</b>	<b>362</b>	<b>378</b>	<b>248</b>	<b>261</b>

The Company has recruited 32 candidates in Group A during the year under review as under:

- 20 from General category,
- 3 from Scheduled Caste,
- 1 from Scheduled Tribe, and
- 8 from other Backward Community

### **Human Resource Development & Industrial Relations:**

Your Company is a leading multi-technology & multi-location CPSE with track record of continuous growth & Innovation, believes that People and Skill Development is of critical importance to the company operations and key for future competitiveness in today's highly complex & changing global business environment.

People being the building block of our organization, continuous emphasis is provided on nurturing, retaining, developing our Human Resources to ensure that the people are 'Future ready'. The Learning and Training eco-system plays a critical role in this process.

As a continued endeavor, during 2019-20, BEML deputed its Executives & Employees to various Training Programmes & Seminars organized In-house & by External agencies. As a part of the Employees Development agenda encompassing all manufacturing Complexes, Marketing Division & Corporate Office, in 2019-20, regular Training Programmes equivalent to 19,443 Man days were conducted to ensure that all Employees & Executives are imparted with the requisite training and a new benchmark of Training coverage was created by surpassing the Target by 127%. At the same time, various Training Process improvements were implemented to have the desired impact and transfer of Learning.

Under the directives of Govt of India, 2019-20 MoU parameters had specific focus on Talent Management initiatives by imparting high-level specific Training Programmes to 10% of the total Executives. Customized Training Programmes were designed & conducted in-collaboration with IIM-Indore, NLSUI-Bangalore, XIME-Bangalore, i2p2m Project Management Institute-Delhi etc. In addition, a large no. of executives were nominated for various important external Training Programmes & Seminars to support their Learning & Development. BEML took special initiative for competency Development on key areas like

Contract Management, Legal Compliance, GST, Cyber Security System, Project Management etc.

During the year, a new Learning Initiative through Web-learning Modules was rolled out to facilitate wider reach and 24x7 learning opportunity by the BEML-ians.

It is notable to mention that BEML took specific initiative for its Women Executives & Employees in the areas of Work-life balance, Wellness & Leadership Development. These Programmes had a wide coverage of 217 nos. participants for 'Work-life Balance', 93 nos. participants for Wellness & 94 nos. participants for Leadership development from various BEML locations and was well received by the Participants as it had added value to their Professional & Personal arena.

Aligning with BEML's Core-values, a unique Training programme on 'Ethical Dilemma at Workplace' was conceptualized, piloted and rolled out focusing the importance of Business Ethics in today's context. The Programme, named as "PRAYAAS", has been considered as very effective by the senior BEML Leadership team and the Participants. The initiative was well appreciated by Secretary-CVC & Secretary-Defence Production for its importance & implementation at BEML.

In line with the Govt of India directives, under 'Mission Raksha Gyan Shakti (MRGS)', BEML has imparted IPR Training Programmes to 392 nos. BEML Personnel against the Target of 360 nos. of Ministry of Defence. IPR training was also extended to the Vendors covering 625 nos. across locations.

Training on Quality processes & aspects has a significant role in BEML. Three National Level BEML Teams from Bangalore, KGF & Mysore Complexes were deputed to participate in "International Convention on Quality Control Circle (ICQCC 2019)", held from 23rd to 26th September, 2019 at Tokyo, Japan organised by Union of Japanese Scientists & Engineers (JUSE). Participation in these International Conventions helps Participants to exchange & learn the global Best Practices through networking & collaborations.

With the recent emphasis on the topical issues like Climate Change, Data Security, Corporate Governance, Emotional Intelligence etc, BEML ensured extensive participation in various related Forums & Seminars. Similarly, to embrace new technology areas including Industry 4.0, Artificial Intelligence, 3-D Printing etc. BEML provided the needed Training to its R&D, IT, Manufacturing

teams.

Being a leading Engineering organisation, deep knowledge & expertise in 'Project Management' is a pre-requisite for Project executions & timely delivery to Customers. During 2019-20, in collaboration with the i2p2m Project Management Institute-Delhi, BEML deputed its 10 key Officials for Executive Diploma in Project Management (EDPM) for Indian Modules and 2 among them for the USA Module.

On the subject, BEML acknowledges the support of Department of Public Enterprises (DPE) for sponsoring BEML Executives to High-end Training Programmes at IIMs, IITs, ASCI, NIBM, ICAI etc.

The industrial relations scenario in the Company has been peaceful, cordial and smooth relations were maintained between the Management and the Unions/Associations. Regular meetings with the representatives of the recognized Union/Officers Associations at the Divisional, Complex and Corporate Levels were held and employee related matters were resolved amicably. The functioning of various bi-partite committees at Complex level resolved production related matters.

#### **Grievance Redressal System for SCs/STs:**

Your Company has constituted SC/ST Cell at all Complexes / Divisions in terms of Department of Personnel & Training guidelines, wherein the HR heads, being Liaison Officers of the respective Complex / Division are conducting periodical meetings with respective representatives of SC / ST Employees Welfare Associations to redress the grievances / issues appropriately. Further, the Chief Liaison Officer who is in the rank of Executive Director / Chief General Manager meets all the Cell Officers, Liaison Officers and Office Bearers of SC/ST Welfare Associations periodically and monitor the status on redressal of grievances.

#### **Public Grievance Redressal through CPGRAMS:**

The Department of Administrative Reforms and Public Grievances under the Ministry of Personnel, Public Grievances and Pensions has initiated Centralized Public Grievance Redress and Monitoring System (CPGRAMS), which is the platform based on web technology primarily aims to enable submission of grievances by the aggrieved citizens for scrutinizing and taking action for speedy redressal of these grievances. For this purpose, your Company has nominated Deputy General

Manager (HR) as the Nodal Officer to deal with various public grievances and to ensure prompt and proper feedback to the concerned persons.

#### **Compliance under Persons with Disabilities Act, 1995:**

In terms of various provisions under the Persons with Disabilities (Equal opportunities, Protection of rights and full participation) Act, 1995 (PwD Act). Your Company has ensured reservation of vacancies for the posts identified for each disability, carry forward of vacancies which could not be filled up due to non-availability of suitable persons with disability during the year.

#### **Corporate Social Responsibility & Sustainability:**

In terms of Section 135 of the Companies Act, 2013 and DPE Guidelines on MoU, your Company has constituted Corporate Social Responsibility & Sustainability (CSR) Committee. The Committee comprises Dr. Gurmohinder Singh, Independent Director as Chairman, Shri MV Rajasekhar, Director (Mining & Construction Business) and Shri Ajit Kumar Srivastav, Director (Defence Business) as members. The CSR Committee oversees the CSR & SD activities and its implementation in compliance with the Companies Act, 2013 and DPE Guidelines on the subject.



BEML sponsored toilets for school children

Further details of CSR are placed under the same heading in Annexure-III and an annual report on CSR activities undertaken during the year are placed at **Annexure-VI**.



BEML sponsored educational facilities for school children



Healthcare camp at Marikuppam, KGF

### Environment and Pollution Control:

Your Company has undertaken tree plantation in order to protect the environment in the vicinity of the factory premises / township and also 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. The Company in association with the State Forest Department had undertaken planting of saplings at all its Manufacturing Complexes and Townships on a regular basis. During the year, a total of 16,098 Nos of Tree Saplings have been planted at KGF, Bengaluru, Mysuru and Palakkad Complexes as part of sustainable development.



Planting of tree sapling by Dr. Deepak Kumar Hota, CMD BEML at head quarters

### 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.

### Skill Development Initiatives (SDI):

As an integral part of the Government of India Policy, your Company is committed to Skill Development of various Stakeholders. The umbrella framework for Skill Development activities includes Centres of Excellence, Service Training Centres, Apprenticeship Training Centres and continuous Capability Building processes across the Company as detailed below:

BEML ensures Skill Training as per the specified standard and the processes to achieve the desired level of productivity and efficiency.

#### (a) Centre of Excellence (CoE):

All the major Manufacturing Complexes of BEML located at Kolar Gold Fields (KGF), Bengaluru, Mysuru and Palakkad have Centres of Excellence (CoE) to support Skill Development of its Employees, Contract workmen, Customer's personnel including Defence Officials, Engineering students and local youth.

#### KGF Complex:

- At KGF, School of Hydraulics & Welding is specialized in Hydraulic System and Welding Process Training for various Equipments.

#### Bengaluru Complex:

- CoE at Bengaluru Complex imparts Training in Stainless Steel Welding and Wire-Harnessing to support the Metro Car manufacturing.
- This CoE also provides Skill Training on Crane operations to Contract Operators & BEML Employees.

#### Mysuru Complex:

- Mysuru Complex houses specialized COE in Electrical & Electronics systems for heavy equipments like Dumper, Motor Grader etc. The Centre also provides intensive practical & theoretical Training on Calibration, Wire-Harnessing, Trouble Shooting of Equipments.

**Palakkad Complex:**

- CoE at Palakkad specializes on Power-Train mechanism including Axle, Engine, Transmission, Differential Assembly and Electrical system of heavy vehicles like TATRA and other equipments used for Defence Applications.

**(b) Service Training:**

At BEML, Service Training Centers at KGF and Mysuru has a significant role in Skill Development. It encompasses Training on new equipments, sub-systems, trouble shooting, efficient operations, etc., for BEML personnel, Defence officials & employees of major Customers like Coal India & its subsidiaries, NLC, NMDC, SAIL, NALCO etc. During the year 2019-20, the Service Training Centers at KGF & Mysore have trained 887 & 324 personnel from Customers Organizations' and BEML, respectively.

**(c) Apprenticeship Training:**

Systematic and continuous Training for various types of Apprentices in various Trades/areas, such as Fitter, Machinist, Welder, Turner, Electrician, Automobile, Electronics & Communication, Civil, Computer & Information Science etc. are imparted as per the guidelines of Regional Directorate of Skill Development & Entrepreneurship (RDSDE).

All the BEML Apprenticeship Training Centres located at its four Manufacturing Complexes, provides one-year & six-month duration Industrial Training to the respective groups of Graduate Engineering Students, Technician Trainees & Trade Apprentices. All Trainees are allotted different manufacturing shops/areas to gain the hands-on skills & experience, followed by theoretical & Practical examination leading to acquiring the proficiency certificates by the Regional Directorate Board. They are also provided inputs on Best practices on Industrial Safety, Kaizen, 5S, ISO Systems etc.

In line with the Government directives, BEML has been ensuring the mandatory compliance of minimum 2.5% of Trade Apprentice strength in a systematic manner & the actual percentage of apprentice engagement is 8.45% of the total Manpower of the Company, on an average for the last three financial years.

**(d) Technology Tie-up with Industry Leaders & Academia:**

As a strategic initiative to provide the impetus towards the adoption of future technology, during 2019-20, BEML has tied-up with world's leading Technology partners like M/s. Lockheed Martin, Yakovlev Design Bureau, Wipro Infrastructure Engineers, Hitachi & Bharat Forge Limited etc. These tie-ups paved the way towards knowledge transfer and new skill development.

In order to leverage the cutting-edge technology to build the future people capability to remain ahead of the competition, BEML has several tie-ups with Premier Academic Institutions & Research Centers. Notable among them: Tie-up with Centre for Railway Research at IIT, Kharagpur and Welding Research Institute (Trichy) towards specialized welder technology related to manufacturing under Aerospace Division and other critical projects involving complex welding, M/s. Prognosis Medical Systems etc. for Joint development of AI related Medical health diagnostic system.

**Prohibition of Sexual Harassment of Women at Workplace:**

Under the provisions of the Sexual Harassment of Women at a Work Place (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee (ICC) is functional in all Complexes / Divisions for receiving complaints of Sexual Harassment if any, and it has been displayed in all the prominent locations for the information of all women employees. No cases have been filed under this Act during the year 2019-20.

**IT Initiatives:**

At BEML, the extent of digitization has picked up in last few fiscal years with support of visionary leadership that wishes to leverage IT to deliver top class experience to stakeholders, adopt digitization and automation of processes and use technology as an enabler to improve effectiveness, efficiency and responsiveness across various core as well as support functions.

Footprint of Video Conferencing was further enhanced by conducting meetings virtually at Board Level, Inter-regional Committee Level, for conducting Interviews, Client and Partner Interactions as well as conducting training sessions across multiple locations resulting in significant cost savings.

Paperless office initiative was further enhanced by implementing paperless meetings. Board, Board Committee and Procurement Committee meetings

were conducted with online streaming of meeting contents on member devices. FLM contributed to over 97% of our approval workflow management leading to transparency and cycle time improvements in the process.

Mobility initiative meant our senior and mid-senior level executives were able to access information while away from their desks, improving efficiency of decision making.

Customer experience was enhanced by implementation of Customer Relationship App for key customers across regions.

Employee experience was improved by implementing workflow enabled processes such as Travel Management, Expense Claim Management, Leave Encashment, E-Learning Portal, MIS Reports, On-line On-Boarding, On-line Pay-slip delivery and visitor declaration forms for Covid-19.

Technology was leveraged for conducting on-line promotion test (OPT) and interviews with remote candidates this year ensuring compressed timelines and reduced costs to enable completion of CDC process before June 30th, a significantly improved experience for employees of our organization.

Air GAP network was installed to improve Cyber Security framework. Reliability of Internet connectivity was improved by installing a backup line and augmenting the bandwidth of existing line to allow for larger traffic.

As part of our five-year plan for augmentation of internal hosting environment, SAP hosting environment has additional compute and storage capacity, both at our main data centre as well as Disaster Recovery (DR) Data Centre. Considering the criticality of FLM, it was added to the high availability framework and also included to our DR set up. FLM version upgrade was carried out.

As part of our initiative to modernize our technology infrastructure and reduce manual touch points, we integrated weigh bridges to our ERP platform, auto selection of vendors at the time of floating tenders, is in the pilot implementation stage.

R&D teams have been provided with latest design, modelling and analysis software to improve their efficiency and quality of designs that will reflect in the new design initiatives undertaken in coming years. A new design centre was equipped with latest technology support to deliver best in class support to our product design function.

Technology support during Covid-19 lockdown was provided by swiftly enabling video conferencing capability using popularly available tools in the market, senior executives and other select staff were enabled to work remotely for carrying out critical business activity using VPN.

The journey of leveraging technology will continue into next year through our pipeline initiatives such as implementation of collaboration platform, analytics, customer relationship management, ERP enhancements, Compliance Management.

Your Company is continuing with technology refresh programme as part of modernization initiative.

Cyber Security will continue to be our focus in coming years with a number of pipeline initiatives to improve cyber security posture and build internal self-assessment capability.

### **Swachh Bharat Abhiyan:**

The Company has joined hands with Hon'ble Prime Minister of India, towards fulfilling the dream of Mahatma Gandhiji for 'Clean India'. In this endeavor, the Company has undertaken the various initiatives under Swachh Bharat Abhiyaan & Swachh Vidyalaya Abhiyaan during the current year 2019-20. Important Swachh Bharat Initiatives at BEML Limited for 2019-20 are as hereunder:

- a) Swachh Bharat Initiatives: BEML has adopted all Swachh Bharat initiatives like Pledge taking, conducting public awareness programmes on cleanliness, Swachh Vidyalaya, Environment protection, public awareness on cleaning nearby areas, arranged for fixing of awareness boards, participation of employees/executives in 'Shramadaan' (100 Hrs in a year) to ensure cleanliness of the work area & surroundings, Training programme on waste management, importance of cleanliness, walkathon, organizing skit/street play to create awareness on cleaning and cleanliness, construction of toilets, vermi-compost bins, painting of buildings, extensive cleaning of hangars, clean my street, continuous House-keeping & renovation of toilets, fogging & eradication of mosquito menace, focus on creating plastic free zones etc.
- b) Celebration of Fifth Anniversary of Swachh Bharat Campaign (Swachhta Hi Seva): As a precursor to the 150th Birth Anniversary of Gandhiji, Swachhta Hi Seva was organised



from 11th September 2019 to 2nd October 2019. The Theme for the year was Plastic Waste Management and phasing out of Single Use Plastic (SUP). Various activities like Pledge taking, Mass awareness on Plastic Wastes, its impact on environment, ways to dispose of plastic waste, replacing usage of Plastic in Factory premises, Townships & Local Communities was organised across the Divisions / Complexes / Offices of BEML Limited. Shramdaan for Swachhta was carried out by Employees / Executives / Students in the Townships & Local communities etc., The Locations for collections & segregation of Plastic waste and Logistics for disposal was done through Authorised Agencies.

BEML had organized "Celebration of Fifth Anniversary of Swachh Bharat Campaign" on 2nd October 2019 to coincide with the 'Gandhi Jayanthi'. Under the Swachhta Hi Seva celebrations, various programmes like administration of Swachhta Pledge, organizing special cleaning drives, Walkathon to spread the message of cleanliness, distribution and planting of saplings, Painting & Drawing competitions, Impromptu Speech competitions etc., were conducted at Corporate Office, BEML manufacturing Units located at Bengaluru, KGF, Mysuru, Palakkad, Regional & District Offices and also at its subsidiary Unit, VIL-Tarikere.

- c) Annual Action Plan for Swachh Bharat Activities: BEML has undertaken various activities as per the Annual Action Plan based on the recommendations of the Group of Secretaries on 'Swachh Bharat & Ganga Rejuvenation'(GoS) for the period from 2019-20. The main activities were construction of toilets at School of Mines, KGF, Awareness programmes for Employees / Executives / Students & Local Vendors, Tree plantation, Renovation of Toilets at Mysore Complex, Maintaining & improvement of parks at Mysore, Segregation of waste in association with local municipality, Painting of Buildings & general up-keeping, Horticulture activities, Fogging for eradication of mosquitoes, Housekeeping & cleanliness activities within factory premises, Cleanliness of Townships, Local Communities, Drainage systems, weeding of

old files / furniture in offices etc.

- d) Celebration of Swachh Bharat Pakhwada: In line with the directives of Ministry, "Swachhta Pakhwada" was organised across all the Divisions / Complexes / Offices of the Company from 16th to 30th of August, 2019 and 1st December, 2019 to 15th December, 2019 with a thrust for Plastic Waste Management and stopping Single Use Plastic (SUP). Various events / activities like oath taking ceremony, March Past, display of posters / banners, Awareness programs, tree plantations, Cleanliness drive in Factory premises, Townships, Local Communities, Shopping complexes, Children Parks, Essay / Painting / Drawing/Speech competitions, Fumigations of insecticides, Weeding of old files / furniture / office equipment, Disposal of scrap materials, Mini-Marathon to spread awareness on cleanliness, Branding / publicity etc., as per the calendar of events was conducted during the fortnights at Divisions/ Complexes and Offices of the Company.
- e) Plogging: Picking up of Litter while jogging, was organised by BEML on 7th December, 2019 in the Townships of Bengaluru Complex, KGF Complex, Mysuru Complex and Palakkad Complex of the Company. Around 800 Employees / Executives / Contract Personnel carried out the cleaning activity/ picking of litter while jogging from the Township premises. BEML School Students at KGF and School Students from the nearby schools at Mysore also participated enthusiastically in the programme and carried out the cleaning activity while jogging. Waste /Litter was collected and disposed off through Authorised Waste Disposal Agencies.

#### **Statutory Auditors:**

The Comptroller & Auditor General of India has appointed M/s. V. Krishnan & Co., Chartered Accountants, Bengaluru, as the Statutory Auditors for the financial year 2019-20.

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:

M/s R M Bansal and Co, Cost Accountants, Bengaluru, were appointed as Cost Auditors for the year 2019-20 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 to conduct the audit of the cost records of the Company. The Company maintains Cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the Railway and Rolling Stocks (Bangalore Complex), other Machinery (Truck, Engine, EM, H&P Divisions) and Power (EM Division).

Further, as required under the said Rules, the remuneration payable to the Cost Auditor was ratified by the members in the 55th Annual General Meeting held on 26.09.2019.

### Secretarial Auditors:

Your Company appointed M/s V N Associates, Practicing Company Secretaries (PCS), Bengaluru, to undertake the Secretarial Audit of the Company for the year 2019-20 in terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report given by the PCS and the replies to the observations made in the said Report shall be annexed with the Board's Report. In addition, an Annual Secretarial Compliance Report issued by the PCS has been filed with the Stock Exchanges within 60 days from the end of financial year 2019-20.

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

### 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 statement including consolidated financial statement are appended at page No 165 & 248 to the annual report.

### Extract of Annual Return:

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

### Directors:

#### (1) Appointment / re-appointment of Independent Directors:

During the year, the Government of India vide letter Ref: 8(2)/2014-D(BEML), dated 10.07.2019 appointed Shri Arvind Kumar Arora (DIN: 07409509) as Independent Director of the Company. Further, the Government of India vide letter Ref: 8(2)/2014-D(BEML)-Vol-II, dated 21.01.2020 appointed Smt. Balmuri Vanitha (DIN: 08679028) as Independent Director of the Company and her appointment has taken effect from 24.01.2020.

Shri B P Rao, Shri Sudhir Kumar Beri and Shri M G Raghuvver ceased to be Independent Directors w.e.f. 02.12.2019 consequent to end of their tenure. The Board placed on record the appreciation of services rendered by the IDs whose tenure has ended during the year.

Pursuant to Schedule IV of the Companies Act, 2013, the appointment / re-appointment of the Independent Directors would be formalized through a letter of appointment setting out the terms and conditions of their appointment, which is also placed on the web-site of the Company at [www.bemlindia.in](http://www.bemlindia.in). In terms of section 149 of the Companies Act, 2013, the provisions of section 152(6) and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.

#### (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) Board Evaluation:

The Board of Directors of the Company comprises Functional Directors, Government Nominee Directors and Independent Directors appointed by the Government of India from time to time pursuant to Article 97 of Articles of Association of the Company. Further, the Government communication also indicates the detailed terms and conditions of their appointment based on applicability of the relevant rules of the Company.

In view of the above, the performance of all Functional Directors and Government Nominee Directors is being evaluated by the Administrative

Ministry every year based on own evaluation methodology. Further, considering the educational qualifications, age, rich and varied experience of the applicants, the Administrative Ministry/ Department would appoint the IDs on the Board on the recommendation of Search Committee after obtaining approval of competent authority. In addition, the assessment/ evaluation of performance of Independent Directors who will be completing their 1 year extended tenure was undertaken by the Administrative Ministry during November, 2019.

Considering the above, a separate evaluation criterion has not been framed by the Company.

#### (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.

Government Nominee Directors was 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 of ₹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 transactions 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 2019-20 are provided under the 'Report on Corporate Governance' annexed to this report.

#### (5) Change of Functional Directors and Key Managerial Personnel

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 during 2019-20 as per the directives of the President of India:

- (i) Shri M V Rajasekhar (DIN: 08467141), Executive Director, has been appointed as Director (Mining & Construction Business) of the Company vide MoD letter No.8(1)/2018-D(BEML), dated 15.02.2019 in place of Shri B R Viswanatha. He took charge on 01.06.2019.
- (ii) Shri R Panneer Selvam (DIN: 08075917), Executive Director (Corporate Planning & Materials), has been appointed as Director (Human Resources) of the Company vide MoD letter No.8(3)/2016-D(BEML), dated 27.11.2019. He took charge on 28.11.2019.
- (iii) Shri Ajit Kumar Srivastav (DIN: 08741858), Chief General Manager (Defence Marketing) has been appointed as Director (Defence Business) of the Company vide MoD letter No.8(1)/2019-D(BEML), dated 16.03.2020 in place of Shri RH Muralidhara. He took charge on 01.06.2020.

Shri Suraj Prakash (DIN-08124871), Director (Finance) and Shri M V Rajasekhar (DIN: 08467141) retires by rotation at the ensuing annual general meeting and being eligible, offered themselves for re-appointment. Shri. B R Viswanatha and Shri. R H Muralidhara were ceased to be Directors consequent upon attaining the superannuation. The Board placed on record its deep appreciation for invaluable services rendered by Shri B R Viswanatha and Shri. R H Muralidhara, as Directors on the Board whose term of office ended during the year.

#### (6) Number of meetings of Board:

During the year, nine meetings of the Board were held on 25.05.2019, 02.08.2019, 26.08.2019, 26.09.2019, 02.11.2019, 20.01.2020, 11.02.2020, 13.03.2020 and 23.03.2020. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regulation 17(2) of Listing Regulations, and Para 3.3.1 of the DPE Guidelines, were complied with in full.

#### (7) Directors' Responsibility Statement:

Pursuant to section 134(3)(c) and 134(5) of the

Companies Act, 2013, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31.03.2020, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2019-20 and of the profit of the Company for that period;
- (c) the directors had taken proper and sufficient care 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 directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Acknowledgements:**

Your Directors express their hearty thanks to the Company's valued customers, Government of India, Administrative Ministry, the Ministry of Defence and in particular, the Department of Defence Production, 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 Bengaluru Metro Rail Corporation Limited, M/s Jaipur Metro Rail Corporation, M/s Kolkata Metro Rail Corporation, M/s. Maha Metro Rail Corporation Limited, Integral Coach Factory-Chennai, M/s Bharat Electronics Limited, M/s Bharat Dynamics Limited, Ordnance Factory Board, Defence Research & Development Organization (DRDO), M/s Brahmos Aerospace Pvt. Ltd., Indian Space Research Organization, M/s Hindustan Aeronautics Limited, Aeronautical Development

Agency 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 and Statutory 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, Ministry of Housing and Urban Affairs, Ministry of External Affairs and Ministry of Home 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

Bengaluru  
27.06.2020

D K Hota  
Chairman & Managing Director

## Annexure to Board's Report for the Financial Year 2019-20

*Annexure-I*

### CONSERVATION OF ENERGY

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

- (i) Conventional Fluorescent Tube Lights, Street Lights, Perimeter Lights, High bay Lights, Retrofit tubes, HPMV Lights, Utility and General Lighting system etc., are replaced with LED lightings at various locations across the Company.
- (ii) Reconditioning of PTC-1 (1000 Kg) Furnace at HT shop to reduce heat loss and to improve thermal efficiency & achieve energy conservation.
- (iii) Water chiller unit in place of existing conventional water circulating cooling system for Wellman Spray Quench furnace at Heat Treatment shop to enhance the efficiency & Productivity of Furnace.
- (iv) Installation & Utilization of 1 No. 400CFM Screw Type Air Compressor with 75KW Rating against 2 No's of Reciprocating Air Compressors with 55KW Rating each for catering Compressed Air to Production Shops.
- (v) Installation of Water Chiller Unit of 15TR capacity with 3.7KW Pumps against Cooling Tower with 15HP Water Pump for Cooling of Furnaces.
- (vi) Purchase of 6 Nos. of IGBT based synergic MIG / MAG welding machine.
- (vii) Reduction of leakage of compressed air line, avoiding the usage of 1.5 HP pump for water transferring from main tank, reduction of Drinking water pipe line pressure from 2 bar to 1 bar, Pipe line modification for avoiding usage of 12.5HP pump operation for Rail shower test & putty cutting machine operation, Switching OFF Compressor 4 hours early in II-shift, Introduction of Inverter type welding machines of 10 nos.

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

- (i) Your Company through its "Green Energy projects" Windmill and Solar energy has met 87% of energy requirement of the Company.
- (ii) For further details, please refer para (i) of the 'Renewable Energy Development, Energy Conservation, Research & Development and Technology Absorption' of Board's Report.

**(c) Capital investment on energy conservation equipment**

During the year under review, your Company has invested ₹1.22 Crs for implementing various energy saving measures.

### **TECHNOLOGY ABSORPTION**

**Research & Development (R&D):**

**(i) Efforts made towards Technology Absorption:**

During the year, R&D centers took initiatives for design and development of new products, aggregates and upgradation of existing products as per customer requirements.

**a) New products:**

**(i) Mining & Construction**

- 100 T class Hydraulic Excavator Model: BE1000-1.
- 21T class Hydraulic Excavator Model: Be210.
- Front End Loader model : BL30-1
- Bull Dozer model : BD155 with CLSS hydraulic system
- AI based Predictive Maintenance of mining

equipment through Data Analytics and Telematics enabled system

- Sleep / Fatigue operator alert System on Dump Truck Model: BH 60M

### (ii) **Defence**

- AI Powered Medical Health Diagnostic System (MHDS)
- Medium Bullet Proof Vehicle ( MBPV 4x4 )
- Mobile Standby Command Post Vehicle (MSCP 4x4 )
- Design & Development of MGS - Ak630

### (iii) **Rail & Metro**

- Designed and developed Standard gauge Catenary Maintenance Vehicle (SG-CMV) for DMRC.
- Mock-up Metro car for Mumbai Metro
- Link arm type Bogie - BEML has undertaken the design and development of Link arm type Bogie for MRS1 project. The design of the same is completed and the prototype is under development.

### **b) Product Up-gradation:**

- Hydraulic actuated Brake Booster System in Bull Dozer model : BD85
- Hydraulic assisted Emergency brake control actuation system, ROPS Cabin with defroster AC & Instrumentation system with advanced diagnostics on Bull Dozer model:BD155 and BD355
- Pilot Hydraulic system in Bull Dozer model BD475-1.
- ROPS / FOPS cabin for Front End Loader model : BL200-1
- Up-gradation of Electric Excavator model : BE1800E
- Electronically controlled PCMV transmission

system controller for advanced version of Bull Dozer model : BD155/BD355

- BSIII CRDI Engine and Improved Controls on Motor Grader model : BG825
- In board parking brake system with optimized valves on Water Sprinkler model : BWS70 and Dump Truck model : BH100
- Front axle with wet multiple disc brake on Water Sprinkler model : BWS70
- BS-III CRDI engine for Motor Grader model : BG825
- Tier II engine for Hydraulic Excavator model BE1800D
- Up gradation of Hydraulic Excavator BE300 incorporating LCD based instrumentation and enhanced diagnostics

### **c) Patents:**

During the year, 51 patents, 13 designs, 4 copyrights and 2 trademarks were registered. Received patent for "Radio control system for clutch control geared dozer".

### **d) Publishing of Technical papers:**

15 technical papers were published by R&D engineers in national / international journals / conferences during the year 2019-20.

### **Awards:**

- SODET Bronze award for excellence for technology development & innovation on Design & Analysis of Rigid Tow Bar arm for towing main battle tank of weight 69T during Technical seminar 2019 by SODET.
- KGF R&D received award at 10th International Conference on Industrial Tribology, organized by Indian Institute of Science (IISc), Bengaluru on 1st to 4th December, 2019.

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

Major R&D initiatives like new product / aggregates development, product up-gradation, indigenization etc. have ensured increase in the indigenization level. Up-gradation of existing products with cutting edge technology features helped in sustaining the existing market and also in exploring the new emerging markets. There has been a considerable foreign exchange savings on account of indigenization.

Further as a result of successful completion and commercialization of the projects, the turnover of the company increased. 68% of sales turnover achieved was from in-house R&D developed products. The skill sets, knowledge & expertise of R&D personnel has enhanced and induced confidence in taking up future challenges.

**(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 as under:

**Defence:**

Your Company is taking up new design & development programmes to meet the acquisition needs of the Indian Army such as Development of Mine Field Marking Equipment Mk-II (MFME), Design & Development of Heavy Recovery Vehicle HRV 6x6, Design & Development of HMV 8x8 with Armoured RHD Cabin for ATAGS, Design & Development of Special Trailer for Large Antenna integration, Development of Prime mover for Towing the 70T Semi / Full Trailer, Indigenous manufacture of TWMP for T-90 Tanks, Self-propelled mine burrier on 8x8 HMV, Infrared Signature

Suppression (IRSS) Device for IN Ships, Self-Propelled Mine Burying equipment on BEML 8x8 vehicle and Development of Pinaka Variants for Launcher (LV), Command post (BCP) Loader Cum Replenishment (LCR), Replenishment vehicle (RV).

**Rail & Metro:**

Your Company has planned to develop products with improved technology like driverless metro cars (UTO - Unattended Train Operation) for Mumbai Line #2 and Line #7. UTO cars are being designed and developed in the country for the first time. R&D is working with IIT, Kharagpur for Bogie design under the Uchathar Aavishkar Yojana (UAY). R&D has planned to develop medium / high speed bogies with this collaboration.

**Mining & Construction:**

Keeping in view of future technology trends with changing business scenario, R&D has taken up Design & Development of following products:

- High end Electric Drive Dump Trucks
- Rope Shovels
- Walking Draglines
- Recovery & Repair vehicles for Battle Tanks,
- Futuristic Infantry Compact Vehicles,
- Self-Propelled Mine burying equipment,
- Prime movers for towing trailers
- High powered Diesel engines
- Maintenance equipment for Rolling Stock
- Adoption of AI enabled technologies on BEML products

**(v) Expenditure on R&D:**

Company has spent ₹104 crores on R&D during 2019-20 which is about 3.43% of Revenue from Operations.

For and on behalf of the Board of Directors

Bengaluru  
27.06.2020

D K Hota  
Chairman & Managing Director

**FORM NO. AOC-2**

[Pursuant to clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / agreements entered into by the Company with related parties referred to in sub-section (i) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:
  - (a) Name(s) of the related party and nature of relationship: Not applicable
  - (b) Nature of contracts / arrangements / transactions: Not applicable
  - (c) Duration of contracts / arrangements / transactions: Not applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not applicable
  - (e) Justification for entering into such contracts or arrangements or transactions: Not applicable
  - (f) Date(s) of approval by the Board: Not applicable
  - (g) Amount paid as advances, if any: Not applicable
2. Details of material contracts or arrangements or transactions at arm's length basis:
  - (a) Name(s) of the related party and nature of relationship: Not applicable
  - (b) Nature of contracts / arrangements / transactions: Not applicable
  - (c) Duration of contracts / arrangements / transactions: Not applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not applicable
  - (e) Date(s) of approval by the Board: Not applicable
  - (f) Amount paid as advances, if any: Not applicable

(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not applicable

For and on behalf of the Board of Directors

Bengaluru  
27.06.2020

D K Hota  
Chairman & Managing Director



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

Good corporate governance strengthens the investor's trust and ensures long term relationship with other stakeholders which help the Company to achieve its objectives. 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 complies 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 Enterprises-2010 (hereinafter referred to as 'DPE Guidelines') from time to time.

### 2. BOARD OF DIRECTORS

#### (i) Composition:

As on 31.03.2020, the Board consisted of 6 Whole-time Directors including the Chairman & Managing Director, 1 Government Nominee Director and 3 Independent Directors. There are 4 vacancies for Independent Directors on the Board. Accordingly, the composition did not comply with the requirements under Regulation 17 of the Listing Regulations. There is no inter-se relationship among the directors.

#### (ii) Meetings and Attendance:

During the year, nine meetings of the Board were held on 25.05.2019, 02.08.2019, 26.08.2019, 26.09.2019, 02.11.2019, 20.01.2020, 11.02.2020, 13.03.2020 and 23.03.2020. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regulation 17(2) of 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 all companies as on 31.03.2020 are given below:

<b>Sl. No</b>	<b>Name of the Director (Director Identification No.)</b>	<b>Attendance at board meetings / Total meetings after appointment as Director</b>	<b>Whether attended last AGM (Yes/No/NA)</b>	<b>No. of other directorships held</b>	<b>* Number of Committee Memberships across all companies</b>	<b>Listed entities where the person is a director and the category of directorship</b>
<b>Functional Directors:</b>						
1	Chairman & Managing Director Dr. D K Hota (DIN 06600812)	9/9	Yes	--	--	--
2	Director (Defence Business) Shri R H Muralidhara (DIN 07363484)	9/9	Yes	2	1	--

<b>Sl. No</b>	<b>Name of the Director (Director Identification No.)</b>	<b>Attendance at board meetings / Total meetings after appointment as Director</b>	<b>Whether attended last AGM (Yes/No/NA)</b>	<b>No. of other directorships held</b>	<b>* Number of Committee Memberships across all companies</b>	<b>Listed entities where the person is a director and the category of directorship</b>
3	Director (Finance) Shri Suraj Prakash (DIN 08124871)	9/9	Yes	1	1	--
4	Director (Rail and Metro Business) Shri Suresh S Vastrad (DIN 06725629)	9/9	Yes	1	1	--
5	Director (Mining & Construction Business) Shri M V Rajasekhar (DIN 08467141) <sup>1</sup>	7/8	Yes	3	1	--
6	Director (Human Resources) Shri R Panneer Selvam (DIN 08075917) <sup>2</sup>	4/4	NA	1	--	--
7	Director (Mining & Construction Business) Shri B R Viswanatha (DIN 07363486) <sup>3</sup>	1/1	NA	0	--	--
<b>Government Nominee Director:</b>						
8	Dr. Md. Nazmuddin (DIN 08377468)	7/9	Yes	--	1	--
<b>Independent Directors:</b>						
9	Dr. Gurmohinder Singh (DIN 08199586)	8/9	No	--	3	--
10	Shri Arvind Kumar Arora (DIN 07409509) <sup>4</sup>	7/8	Yes	--	3	--
11	Smt. Balmuri Vanitha (DIN 08679028) <sup>5</sup>	1/3	NA	--	--	--
12	Shri Sudhir Kumar Beri (DIN 07367157) <sup>6</sup>	5/5	No	--	--	--
13	Shri M G Raghuvver (DIN 02703301) <sup>6</sup>	4/5	No	--	--	--
14	Shri B P Rao (DIN 00467226) <sup>6</sup>	5/5	Yes	2	--	--

\*As per Regulation 26 of Listing Regulations, Chairmanship / Membership of the Audit Committee and the Stakeholders Relationship Committee are only reckoned with.

1. Appointed w.e.f.01.06.2019	4. Appointed w.e.f. 10.07.2019
2. Appointed w.e.f. 28.11.2019	5. Appointed w.e.f. 24.01.2020
3. Ceased to be Director on 31.05.2019	6.Ceased to be Directors on 01.12.2019

**(iii) LIST OF CORE SKILLS / EXPERTISE / COMPETENCIES IDENTIFIED BY THE BOARD IN THE CONTEXT OF THE BUSINESS OF THE COMPANY AND THE NAMES OF DIRECTORS WHO HAVE SUCH SKILLS / EXPERTISE / COMPETENCE:**

S.No.	Skill Area	Description	Name of Directors having such skills / expertise / competence
1	Strategy and planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of BEML relevant policies and priorities.	All Directors are appointed by the Government of India considering the requisite skills/ expertise/ competencies in their respective area of operations and having reasonable knowledge in the other skill areas to safeguard the interest of the Company.  Further, the business/ commercial decisions taken at the meetings of Board and Committee of Functional Directors are being implemented towards the growth of the Company.
2	Governance, Risk and Compliance	Experience in the application of corporate governance principles in the Company. Ability to identify key risks to BEML in a wide range of areas including legal and regulatory compliance.	
3	Technical competence	Application of technical knowledge and skills for successful performance of specific job or group of jobs.	
4	Commercial Assessment	A broad range of commercial / business assessment in areas of accounting, finance, marketing, branding and business systems, practices and improvement.	
5	Legal	Overseeing compliance with numerous laws as well as understanding an individual director's legal duties and responsibilities.	
6	Human Resource Management	Specialized in human resource management with an understanding of employment law.	
7	Information Technology / Digital Skills	Knowledge in IT and/or Digital issues with an ability to apply new IT technology in the Company.	
8	Integrity (ethics)	A commitment to <ul style="list-style-type: none"> <li>· Understanding and fulfilling the duties and responsibilities of a Director, and maintaining knowledge in this regard through professional development;</li> <li>· Putting BEML interests before any personal interests;</li> <li>· Acting in a transparent manner and declaring any activities or conduct that might be a potential conflict;</li> <li>· Maintaining Board confidentiality at all times.</li> </ul>	

**(iv) Directors' Shareholding:**

None of the Directors are holding equity shares or debt securities in your Company as on 31.03.2020.

**(v) CEO / CFO Certification:**

In terms of Regulation 17(8) of the Listing Regulations, Chairman and Managing Director (Chief Executive Officer) and Director-Finance (Chief Financial Officer), have issued necessary certificate to the Board of Directors with respect to the financial statement for the year 2019-20. 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 in its 363rd meeting held on 27.06.2020.

**(vi) Review of Compliance of Laws:**

In terms of Regulation 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 2019-20 and noted that there was no instance of non-compliance. Further, 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 Regulation 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 Regulation 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.in](http://www.bemlindia.in).

**(viii) Code of Conduct:**

In terms of Regulation 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.in](http://www.bemlindia.in), as required under Regulation 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 (Chief Executive Officer) is produced hereunder:

To the Members of BEML Limited,

I, D K Hota, 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 31.03.2020.

On behalf of the Board of Directors

Bengaluru  
27.06.2020

D K Hota  
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 "Code of Conduct and Fair Disclosure for Regulating, Monitoring and Report trading by Insiders in BEML Securities" 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.in](http://www.bemlindia.in). The insiders as defined under the Code should obtain permission from the Competent Authority to deal in securities during the trading window / restriction period beyond the specified limits. Periodical disclosures are also made as provided under the Code through digital database designed internally, for keeping track of the flow of unpublished price sensitive information (UPSI) and simultaneously maintaining the record of the nature of UPSI and name of executives sharing the same to prevent the instance of insider trading.

Further, in terms of DPE Guidelines, 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:**

Your Company has formulated "Vigil Mechanism / Whistle Blower Policy" for directors and employees to report genuine concerns in terms of the provisions of Section 177(9) of the Companies Act, 2013, Regulation 22 of the Listing Regulations and Para 4.3 of the DPE Guidelines. In terms of Regulation 46(2)(e) of the Listing Regulations, the said policy is placed on the Company's website [www.bemlindia.in](http://www.bemlindia.in). 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. Further, pursuant to Schedule II (A)(18) of Listing Regulations and as per 4.2.12 of DPE Guidelines, the Audit Committee reviews the functioning of the whistle blower mechanism periodically. As per the said policy, none of the employees have been denied access to Audit Committee.

**3. BOARD COMMITTEES:**

The Board of Directors has constituted various Committees as detailed hereunder together with brief terms of reference. Further, the composition of such Committees is also placed on the Company's website at [www.bemlindia.in](http://www.bemlindia.in), in terms of Regulation 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 shall also comply with the directives of the Board of Directors, Department of Defence Production, Central Vigilance Commission, and such other competent authority.

The brief terms of reference of the Audit Committee are as follows:

- (a) Oversight of financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) to review with the management, the quarterly financial statements before submission to the board for approval;
- (c) to discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (d) to review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to (a) matters required to be included in the director's responsibility statement forming part of the board's report in

terms of Section 134(5) of the Companies Act, 2013; (b) changes, if any, in accounting policies and practices and reasons for the same; (c) major accounting entries involving estimates based on the exercise of judgment by management; (d) significant adjustments made in the financial statements arising out of audit findings; (e) compliance with listing and other legal requirements relating to financial statements; (f) disclosure of any related party transactions; and (g) modified opinion(s) in the draft audit report;

- (e) to recommend to the Board, fixation of remuneration to statutory auditors and to approve payment to statutory auditors for services rendered other than statutory audit as may be permitted under law;
- (f) to recommend to the Board the fixation of remuneration, re-imburement of out-of-pocket expenses and other allowances, if any, to cost auditors and transaction auditors;
- (g) to evaluate internal financial controls and risk management systems;
- (h) to review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (i) to review the adequacy of internal audit function of the Company, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (j) to discuss with internal auditors of any significant findings and follow up there on; and to review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and make suitable recommendation to the board;
- (k) to review the functioning of the whistle blower mechanism;
- (l) to meet compulsorily at least once every two months and inter-alia look at all cases of procurements which are made from single sources [Source - MoD directive vide No.8(94)/2012-D(Coord/DDP) dated 29.10.2012];
- (m) to review the follow up action on the audit observations of the C&AG audit;
- (n) to review inventory position periodically and also review and recommend the cost audit reports for the consideration and approval of the Board [Source - 313th meeting of Board held on 04.02.2014];

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

Sl.No.	Name of the Director	Category	Attendance
<i>Chairman:</i>			
1	Shri Gurmohinder Singh <sup>1</sup>	Independent Director	6/7
2	Shri BP Rao <sup>2</sup>	Independent Director	5/5
<i>Members:</i>			
3	Shri Arvind Kumar Arora <sup>1</sup>	Independent Director	2/2
4	Shri MV Rajasekhar <sup>1</sup>	Director (Mining & Construction Business)	3/4
5	Shri Sudhir Kumar Beri <sup>2</sup>	Independent Director	5/5
6	Shri BR Viswanatha <sup>3</sup>	Director (Mining & Construction Business)	2/2

1. Appointed as Chairman / Members w.e.f. 24.12.2019

2. Ceased to be chairman / Member w.e.f. 02.12.2019

3. Ceased to be Member on 31.05.2019

During the year, the Audit Committee met Seven times on 12.04.2019, 24.05.2019, 01.08.2019, 26.08.2019, 01.11.2019, 10.02.2020 and 13.03.2020. Further, in terms of Regulation 18(2) of the Listing Regulations and Para 4.4 of the DPE Guidelines, the Audit Committee complied with the requirements on number and frequency of meetings. 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 55th AGM of the Company held on 26.09.2019.

**(ii) Nomination and Remuneration Committee:**

Pursuant to the provisions under Section 178(1) of the Companies Act, 2013 and Regulation 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 as 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:

<b>Sl.No.</b>	<b>Name of the Director</b>	<b>Category</b>	<b>Attendance</b>
<i>Chairman:</i>			
1	Dr. Gurmohinder Singh <sup>1</sup>	Independent Director	1/1
2	Shri Sud hir Kumar Beri <sup>2</sup>	Independent Director	1/1
<i>Members:</i>			
3	Dr. Md. Nazmuddin <sup>1</sup>	Government Nominee Director	1/1
4	Shri Arvind Kumar Arora <sup>1</sup>	Independent Director	1/1
5	Shri M G Raghuveer <sup>2</sup>	Independent Director	1/1
6	Shri B P Rao <sup>2</sup>	Independent Director	1/1

1. Appointed as Chairman / Members w.e.f. 04.12.2019    2. Ceased to be Members on 01.12.2019

During the year, the Nomination and Remuneration Committee met two times on 01.11.2019 and 20.01.2020. Further, in terms of Regulation 19(3A) of the Listing Regulations, the NRC complied with the requirements on number of meetings.

**(iii) Stakeholders Relationship Committee:**

In terms of Section 178(5) of the Companies Act, 2013 and Regulation 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:

<b>Sl.No.</b>	<b>Name of the Director</b>	<b>Category</b>	<b>Attendance</b>
<i>Chairman:</i>			
1	Shri Arvind Kumar Arora <sup>1</sup>	Independent Director	1/1
2	Shri M G Raghuv <sup>2</sup>	Independent Director	--
<i>Members:</i>			
3	Shri Suraj Prakash	Director (Finance)	1/1
4	Shri Suresh S Vastrad	Director (Rail & Metro Business)	1/1
<i>Company Secretary:</i>			
5	Shri S V Ravisekhar Rao	Compliance Officer	1/1

1. Appointed as Members w.e.f. 04.12.2019 2. Ceased to be Member on 01.12.2019

During the year, the Stakeholders Relationship Committee met one time on 11.02.2020. Further, in terms of Regulation 20(3A) of the Listing Regulations, the Committee complied with the requirements on number of meetings.

The Company has an exclusive platform 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 Regulation 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 [www.bemlindia.in](http://www.bemlindia.in).

Further, pursuant to SEBI Circulars dated 03.06.2011 and 18.12.2014, M/s. Kfin Technologies Pvt. Ltd. (formerly M/s. Karvy Fintech Pvt. Ltd.) the Registrar & Share Transfer Agent of the Company (RTA), 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 30 complaints placed and there was no complaint pending as on 31.03.2020. Further, the redressal status of the said complaints is reviewed by the Board of Directors from time to time.

In terms of Regulation 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 :	0
No. of complaints received during the year:	27
No. of complaints resolved during the year:	27
No. of complaints pending resolved at the end of the year :	0

SEBI vide order dated 29.11.2019 prohibited M/s Karvy Stock Broking Ltd., (KSBL) from taking new clients in respect of its stock broking activities. Subsequently, M/s Karvy Fintech Private Limited, RTA of the Company has changed its name to M/s KFin Technologies Pvt Ltd on 05.12.2019. However, there is no impact on the Company's operations / transactions and the same has been taken note of by the Board.



**(iv) Risk Management Committee:**

In terms of Regulation 21 of the Listing Regulations, the Board of Directors has constituted a Committee with the nomenclature as 'Risk Management Committee'.

The brief terms of reference of the Risk Management Committee are as follows:

- (a) Review and approve the risk management policy and associated practices of the company.
- (b) Ensure that appropriate systems are in place to manage the identified risks, so that the organizations assets and reputation are suitably protected.
- (c) Ensure that responsibility and authorities are clearly defined and adequate resources are assigned to implement the Risk Management Policy.
- (d) Review the key risks reported by the Corporate Risk Committee (CRC) and approve remedial mitigation decided by CRC for key risks.

The Committee consists of following Directors:

Sl.No.	Name of the Director	Category	Attendance
<i>Chairman:</i>			
1	Shri R. H. Muralidhara	Director (Defence Business)	1/1
<i>Members:</i>			
2	Shri Suraj Prakash	Director (Finance)	1/1
3	Shri Suresh S Vastrad	Director (Rail & Metro Business)	1/1
4	Shri MV Rajasekhar	Director (Mining & Construction Business)	1/1
5	Shri Panneer Selvam	Director (Human Resources)	1/1
6	Shri B R Viswanatha <sup>1</sup>	Director (Mining & Construction Business)	--

*1. Ceased to be Member on 31.05.2019*

During the year, the Risk Management Committee met one time on 09.03.2020. Further, in terms of Regulation 21(3A) of the Listing Regulations, the Committee complied with the requirements on number of meetings.

In terms of Section 134(3)(n) of the Companies Act, 2013, regulation 17(9) of the Listing Regulations, and para 7.3 of DPE Guidelines, your Company has formulated "Risk Management Policy" with the objective to ensure sustainable business growth with stability and to promote a pro-active approach in identifying, evaluating, reporting and managing or mitigating risks associated with the business. In order to achieve the key business objectives, the policy establishes a structured and disciplined approach to risk management in order to mitigate the risk related issues. The CRC consolidates the key risks along with mitigation plans and report to the Risk Management Committee for review and apprising the Board. The Board reviews and monitors the key risks along with mitigation plans and status of risk management. The said policy is placed on the Company's website [www. bemlindia.in](http://www.bemlindia.in).

**(v) Share Certificate Committee:**

In terms of Regulation 39(2) of the Listing Regulations, the Board of Directors has constituted a Committee with the nomenclature as "Share Certificate Committee".

The terms of reference of Share Certificate Committee would be considering the request for issue of (i)

duplicate and (ii) remat share certificates and approve the same as duly 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	Attendance
<i>Chairman:</i>			
1	Shri R H Muralidhara	Director (Defence Business)	3/3
<i>Members:</i>			
2	Shri MV Rajasekhar	Director (Mining & Construction Business)	3/3
3	Shri B R Viswanatha <sup>1</sup>	Director (Mining & Construction Business)	--
<i>Company Secretary:</i>			
4	Shri S V Ravisekhar Rao	Compliance Officer	3/3

1. Ceased to be Member on 31.05.2019

The Share Certificate Committee met 3 times on 14.08.2019, 19.12.2019 and 03.02.2020 during the year.

#### (vi) 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 -

- to formulate and recommend to the Board CSR Policy of the Company.
- to recommend CSR projects / programmes / activities along with the estimated budgets, and
- 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	Attendance
<i>Chairman:</i>			
1	Dr.Gurmohinder Singh	Independent Director	1/1
2	Shri Sudhir Kumar Beri <sup>1</sup>	Independent Director	--
<i>Members:</i>			
3	Shri R H Muralidhara	Director (Defence Business)	1/1
4	Shri MV Rajasekhar <sup>2</sup>	Director (Mining & Construction Business)	--
5	Shri B R Viswanatha <sup>3</sup>	Director (Mining & Construction Business)	1/1

1. Ceased to be Chairman on 01.12.2019    2. Appointed as Member w.e.f. 01.06.2019  
3. Ceased to be member on 31.05.2019

The Board of Directors of your Company has formulated "Corporate Social Responsibility Policy (CSR) and also Sustainable Development Policy (SD)" 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. Further, the CSR & SD policies of the Company along with the activities undertaken are placed on the Company's web-site www.bemlindia.in.

The CSR Committee met once during the year on 24.05.2019. Annual report on CSR activities undertaken during the year 2019-20 is enclosed at **Annexure-VI**.

**(vii) 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 Rs.100 lakhs from single sources and Rs.1,000 lakhs through open / limited tenders.

The Committee consists of following directors:

<b>Sl. No</b>	<b>Composition</b>
1	Chairman & Managing Director – Chairman
2	All other Functional Directors - Members

The Procurement Committee met 28 times on 09.04.2019, 02.05.2019, 09.05.2019, 18.05.2019, 20.05.2019, 25.05.2019, 13.06.2019, 22.06.2019, 16.07.2019, 18.07.2019, 02.08.2019, 21.08.2019, 29.08.2019, 16.09.2019, 25.09.2019, 10.10.2019, 02.11.2019, 10.11.2019, 25.11.2019, 06.12.2019, 24.12.2019, 07.01.2020, 03.02.2020, 20.02.2020, 27.02.2020, 02.03.2020, 04.03.2020, and 16.03.2020 during the year under review.

**(viii) Independent Directors Meeting:**

In terms of the provisions under the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, the Independent Directors met on 12.10.2019 and reviewed the action taken on the minutes of the previous meeting on quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties. All Five Independent Directors have attended the meeting. Further, pursuant to Regulation 34(3) along with other requirements specified in Schedule V of the Listing Regulations it is hereby confirmed that in the opinion of the Board, the Independent Directors fulfilled the conditions specified in the Listing Regulations and are independent of the management.

**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 is followed by 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-imburement of expenses for participation in the meetings of Board and Committees of Board. Further, in terms of Schedule IV and Regulation 46(2)(b)

of the Listing Regulations, the said terms and conditions are placed on the web-site of the Company [www.bemlindia.in](http://www.bemlindia.in).

**(i) Details of Remuneration paid to Functional Directors during the year 2019-20:**

(₹ in Lakhs)

<b>Name Dr / Shri</b>	<b>Salary</b>	<b>Benefits</b>	<b>PF Contri- bution</b>	<b>Perqui- sites</b>	<b>Pension</b>	<b>Total amount 2019-20</b>	<b>Total amount 2018-19</b>
D K HOTA	39.49	16.20	4.74	6.09	2.15	68.67	47.10
R H MURALIDHARA	35.53	17.33	4.00	5.49	1.81	64.15	38.92
SURAJ PRAKASH	27.33	8.12	3.27	4.53	1.59	44.84	32.04
SURSH S VASTRAD	27.12	15.28	3.25	0.00	1.46	47.12	12.19
MV RAJASEKHAR*	24.24	14.74	2.76	0.18	1.59	43.51	--
R PANNEER SELVAM*	10.42	9.80	1.28	1.99	0.50	23.98	--
BR VISWANATHA*	9.29	14.06	1.11	0.32	0.30	25.09	39.99
<b>TOTAL</b>	<b>173.42</b>	<b>95.53</b>	<b>20.42</b>	<b>18.60</b>	<b>9.40</b>	<b>317.36</b>	<b>170.24</b>

\*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 of ₹10,000 is paid for the second and subsequent meeting/s. Details of sitting fees paid to the Independent Directors during the year 2019-20 are given below:

<b>Name of the Director Shri / Dr.</b>	<b>Sitting fee for the meeting(s) of</b>		<b>Total (₹ in lakhs)</b>
	<b>Board</b>	<b>Committees</b>	
Gurmohinder Singh	1.50	1.50	3.00
Arvind Kumar Arora*	1.10	1.00	2.10
Balmuri Vanitha*	0.20	--	0.20
Sudhir Kumar Beri*	0.90	1.30	2.20
M G Raghuveer*	0.80	0.40	1.20
B P Rao*	1.00	1.20	2.20
<b>Total</b>	<b>5.50</b>	<b>5.40</b>	<b>10.90</b>

\*Part of the year

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:

<b>Year</b>	<b>Location</b>	<b>Date &amp; Time</b>
2018-19	'Grand Ballroom', Taj West End, #25, Race Course Road, High Grounds, Bengaluru - 560001	26.09.2019 at 11:30 hrs
2017-18	'Grand Ball Room', The Chancery Pavilion, No.135, Residency Road, Opp. Bangalore Club, Shanthala Nagar, Ashok Nagar, Bengaluru - 560025	27.09.2018 at 11:30 hrs
2016-17	Dr. B.R. Ambdekar Bhavan, Millers Road, Next to Jain Hospital, Kaverappa Layout, Vasanth Nagar, Bengaluru - 560052	21.09.2017 at 11:30 hrs

There was no special resolution passed in the previous three annual general meetings. Further, no special resolution was put through postal ballot during the year under review.

**6. SUBSIDIARY COMPANIES:**

In terms of Regulation 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'. However, your Company has formulated a "Policy for Determining Material Subsidiaries" and the same is placed on the Company's web-site [www.bemlindia.in](http://www.bemlindia.in) as required under Regulation 46(2)(h) of the said Regulations.

In terms of Regulation 24 of the Listing Regulations, the Audit Committee periodically reviews the financial statements of the subsidiaries of the Company excepting JV, M/s BEML Midwest Limited accounts which are not consolidated due to complete cessation of activities as the matter is subjudice. 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 Company and its subsidiaries.

**7. DISCLOSURES:**

In terms of Regulation 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 Regulation 46(2)(g) of the Listing Regulations, the said policy is placed on the web-site of the Company at [www.bemlindia.in](http://www.bemlindia.in). During the year 2019-20, 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 noted by the Audit Committee. Further, details of related party transactions as required under IND-AS 24 issued by the Institute of Chartered Accounts of India is given in Note No. 39 (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 statement, including consolidated financial statement based on the applicable Ind-AS issued by the Institute of Chartered Accountants of India from

time to time excepting JV, M/s BEML Midwest Limited accounts which are not consolidated due to complete cessation of activities as the matter is subjudice.

- c) The Company has complied with Presidential Directives, if any, issued by the Central Government during the year and also in the last three years.
- d) There were no cases of non-compliance by the Company and no penalties, strictures were imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities, on any matter related to capital markets during last three years.
- e) A certificate was issued by the Company Secretary in practice that 'None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company by SEBI or the Ministry of Corporate Affairs or any such statutory authority. However, disqualification of appointment of directors shall not apply to Government companies under the Companies Act, 2013.
- f) Total fees for all services paid by the Company, on a consolidated basis, to the statutory auditor's of the Company and all entities in the network firm/network entity of which the statutory auditor is a part is ₹25.45 lakhs.
- g) 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.
- h) 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.
- i) There were no transactions of the Company with any person or entity belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company.
- j) The expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management were - NIL .
- k) There were no items of expenditure debited in books of accounts, which are not for the purposes of the business.
- l) Finance cost decreased by 31.81% for the year 2019-20 as compared to 23.49% increase in the last year mainly due to decrease in interest on cash credit and short-term loans.
- m) There were no items of income and expenditure arising out of transactions of exceptional nature.
- n) In terms of the provisions of the Sexual Harassment of Women at a Work Place (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee is functional in all Complexes / Divisions for receiving complaints of Sexual Harassment if any, and it has been displayed in all the prominent locations for the information of all women employees. No complaints were filed during the year and there was no complaint pending at the end of the year 2019-20.
- o) Company has implemented all Standard Operating Procedures / advisories issued by the Government of India and respective State Governments in respect of COVID-19 Pandemic.

**8. MEANS OF COMMUNICATION:**

- a) In terms of Regulation 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 [www.bemlindia.in](http://www.bemlindia.in).
- b) In terms of Regulation 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 posted on the Company's web-site [www.bemlindia.in](http://www.bemlindia.in).
- 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 [www.bemlindia.in](http://www.bemlindia.in).
- e) The notice along with the audited financial statement form part of the Annual Report is sent to the members within the statutory period for the Annual General Meeting.
- f) The presentations made to Institutional Investors / Analysts giving an analysis of the performance and performance highlights of the Company are sent to NSE and BSE and also placed on the Company's website [www.bemlindia.in](http://www.bemlindia.in) for the information of the institutional investors, analysts and other shareholders.
- g) Company's Website:

The website of the Company, [www.bemlindia.in](http://www.bemlindia.in), in English & Hindi languages gives comprehensive information including the details of business, facilities, vision, mission and values, management, research and development, indigenization, quality, sales and service network, human resources, corporate social responsibility and sustainability, purchases, vigilance, RTI, Investors and other updates and news. The section on ' Investors' informs the shareholders/investors, details about the financial results and annual reports, Company's codes and policies, various stock exchange disclosures, investor grievance redressal system, presentations made to investors / analysts, details of board committees, unpaid or unclaimed dividends, online investor complaints, complaints status, details of debenture trustee and other material events for information relating to the Company.

**9. RECONCILIATION OF SHARE CAPITAL AUDIT:**

Pursuant to Regulation 76 of SEBI (Depositories & Participants) Regulations, 2018, 'Reconciliation of Share Capital Audit Report' is being submitted on quarterly basis to BSE and NSE within 30 days of end of each quarter and also placed on the website of the Company at [www.bemlindia.in](http://www.bemlindia.in). The said report is issued by a Practicing Company Secretary, after reconciliation, confirming that the share capital issued in physical and demat form tally with the issued, paid-up, listed and admitted share capital of the Company and also the Register of Members is up-to-date and that the dematerialisation requests, transfers, transmissions etc., are completed within the stipulated period. Further, in terms of SEBI Circular No. D&CC/FITTC/CIR-16/2002, dt. 31.12.2002, this report is placed before the Board of Directors of the Company on quarterly basis for information. The said audit reports confirmed that no exceptional issues were reported during the year under review.

## 10. HALF-YEARLY COMPLIANCE CERTIFICATE UNDER REG.7(3) OF LISTING REGULATIONS:

Your Company ensure that all activities in relation to transfer facilities are maintained by M/s. KFin Technologies Private Limited, a SEBI registered Category-I Registrar & Share Transfer Agent. Further, in terms of Reg.7 (3) of Listing Regulations half-yearly compliance certificates for the year 2019-20 were submitted to BSE & NSE on time and also placed on the website of the Company [www.bemlindia.in](http://www.bemlindia.in).

## 11. HALF-YEARLY COMPLIANCE CERTIFICATE UNDER REG.40(9) & 10 OF LISTING REGULATIONS:

Your Company ensure that the RTA has been issued within thirty days of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange etc. Accordingly, your company has submitted the said half-yearly certificates for the year 2019-20 to BSE & NSE on time and also placed on the website of the Company [www.bemlindia.in](http://www.bemlindia.in).

## 12. GENERAL SHAREHOLDER INFORMATION:

- (i) Corporate Identification Number (CIN) of your Company: LA35202KA1964GOI001530
- (ii) The 56th Annual General Meeting for the year 2019-20 is scheduled on Friday, 25th September, 2020 at 11.30 Hours through Video Conferencing.

MCA vide General Circular No.20/2020 (F.No.2/4/2020-CL-V), dated 05.05.2020 intimated that, in view of the prevailing situation due to COVID-19 pandemic, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), such statements along with notice of the meeting shall be sent only by email to the members, trustees for the debenture-holder of any debentures issued by the company, and to all other persons so entitled. With this facility Companies are allowed to conduct their AGM through Video Conferencing (VC) during the calendar year 2020.

Further, SEBI vide Circular Ref: SEBI/HO/CFD/CMD1/CIR/P/2020/79, dated 12.05.2020 intimated that the requirements of Regulations 36 (1)(b) and (c) and Regulation 58 (1)(b) &(c) of the LODR, relating to sending physical copies of annual report to shareholders, are dispensed with for listed entities who conduct their AGMs during the calendar year 2020 (i.e. till December 31, 2020).

- (iii) Tentative calendar for declaration of results for 2020-21 is given as below:

<b>Quarter / Year ending</b>	<b>On or before</b>
30.06.2020	14.08.2020
30.09.2020	14.11.2020
31.12.2020	14.02.2021
31.03.2021	30.05.2021
57 <sup>th</sup> Annual General Meeting	30.09.2021

- (iv) The Register of Members and Share Transfer Books shall remain closed from 19.09.2020 to 25.09.2020 (both days inclusive).



(v) Your Board of Directors has declared an interim dividend of ₹2.50 per share, i.e., 25% of the equity share capital on 13.03.2020, which was distributed among the eligible shareholders within the due date. Further, your Board of Directors has recommended final dividend of Rs.3.50/- per share, i.e., 35% on the equity shares of Rs. 10 each (par value) for the year ended 31.03.2020 and Dividend, if approved at the 56th Annual General Meeting, will be distributed among the shareholders within the due date.

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

The BSE Limited ('BSE')  
P.J. Towers, 26th Floor,  
Dalal Street, MUMBAI - 400 001

National Stock Exchange of India Limited ('NSE')  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (East), MUMBAI - 400 051

Listing fee for the year 2019-20 was paid to BSE and NSE during April, 2019.

(vii) Stock Code:

BSE	500048
NSE	BEML

(viii) Custody / Issuer charges to Depositories:

Your Company has paid custody / issuer charges for the year 2019-20 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(ix) Details for non-compliances:

The Board of Directors of the Company is duly constituted with requisite balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no adequate number of Independent Directors (IDs) appointed as per the provisions of the Companies Act, 2013 and Listing Regulations. As of now, there are 4 vacancies in respect of Independent Directors. In this connection, the Company is receiving the clarification letters from the Stock Exchanges for not having the requisite Independent Directors on the Board for which the Company replied that the said appointments are under the consideration of Government of India. Further, regular follow up is being made with Administrative Ministry in this regard.

(x) Compliance with discretionary requirements:

The status on the compliance with the discretionary requirements as specified in the Listing Regulations are as under:

- The Company has Chairman & Managing Director who is an Executive Chairman.
- Process of communicating with shareholders is very robust and the procedure has been explained under "Means of Communication".
- The consolidated financial statements are disclosed with modified audit opinion.

- The Chief of Internal Audit will report directly to Chairman & Managing Director and is a permanent invitee to the meetings of Audit Committee.

(xi) Commodity price / Foreign exchange risk and hedging activities

Relevant information in this regard is disclosed in Note No. 39L of the Financial Statements.

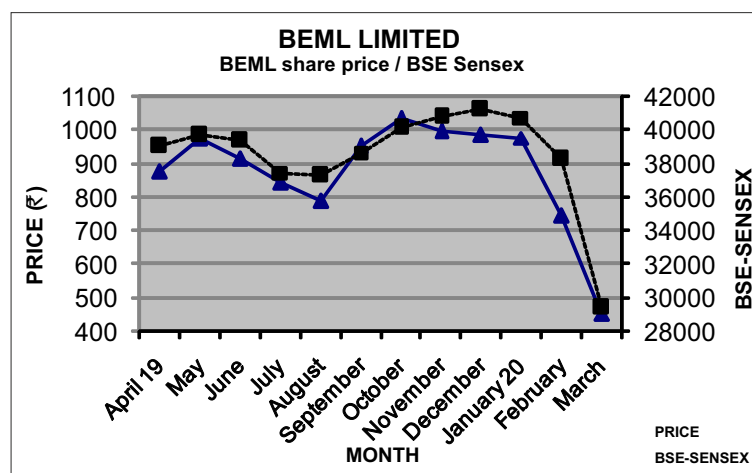
(xii) Market Price Data:

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:

(a) BEML Share price on BSE vis-a-vis BSE Sensex from April 2019 to March 2020.

Month	BSE Sensex	BSE (₹ per share)		
	Close	High	Low	Close
April, 2019	39,032	1034	872	877
May	39,714	1018	783	974
June	39,395	1010	758	913
July	37,481	947	829	842
August	37,333	860	644	790
September	38,667	991	761	954
October	40,129	1108	849	1035
November	40,794	1061	910	996
December	41,254	1055	966	984
January, 2020	40,723	1080	931	976
February	38,297	1007	736	745
March	29,468	772.85	369.6	453

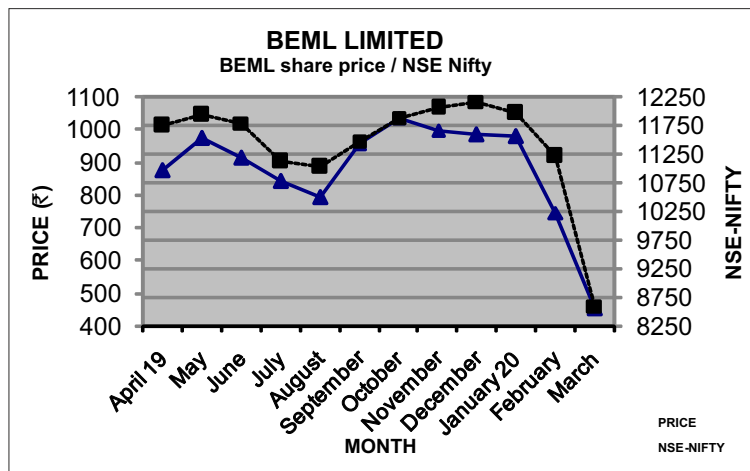
Performance in comparison to broad-based BSE Index based on last trading day of each month is as under:



(b) BEML Share price on NSE vis-a-vis NSE NIFTY from April 2019 to March 2020:

Month	NSE Nifty	NSE (₹ per share)		
	Close	High	Low	Close
April, 2019	11748	1,035	869	874
May	11923	1,019	784	974
June	11789	1,011	757	912
July	11118	948	828	842
August	11023	860	698	791
September	11474	992	761	955
October	11877	1,109	872	1036
November	12056	1,060	926	998
December	12168	1,055	965	984
January, 2020	11962	1,070	930	977
February	11202	1,008	735	746
March	8598	785	370	452

Performance in comparison to broad-based NIFTY Index based on last trading day of each month is as under:



(xiii) Registrar and Share Transfer Agent (RTA):

M/s. KFin Technologies Private Limited (Formerly M/s. Karvy Fintech Private Limited), a SEBI registered Category-I RTA, is engaged as the Company's Share Transfer Agent of the Company. The contact details of the RTA are as under:

M/s. Kfin Technologies Private Limited  
Selenium Building Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad - 500 032.  
Ph: 040 - 67161526, Fax: 040 - 23001153  
E-mail: nageswara.raop@kfintech.com, einward.ris@kfintech.com  
Website: www.kfintech.com

(xiv) 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 either to the Company or RTA. For matters regarding shares transferred in physical form, share certificates, dividends, change of address, etc. the shareholders should communicate with the RTA/Company.

(xv) Shareholding pattern as on 31.03.2020:

<b>Sl. No</b>	<b>Description</b>	<b>No. of Cases</b>	<b>Total Shares</b>	<b>% Equity</b>
1	Government of India	1	2,25,00,000	54.03
2	Mutual Funds	29	92,98,546	22.33
3	Resident Individuals	72,548	45,93,889	11.03
4	Bodies Corporates	600	12,40,359	2.98
5	Foreign Portfolio Investors	48	10,02,341	2.41
6	Indian Financial Institutions	5	16,73,952	4.02
7	Non-Resident Indians	837	2,55,457	0.61
8	HUF	1,875	1,95,376	0.47
9	Non-Resident Indian Non Repatriable	461	56,812	0.14
10	Clearing Members	237	3,25,305	0.78
11	NBFC / Banks / Trusts / QIBs/ IEPF	22	5,02,463	1.20
<b>Total</b>		<b>76,663</b>	<b>416,44,500</b>	<b>100.00</b>

(xvi) Top 10 shareholders excluding Promoter (President of India) as on 31.03.2020 based on PAN:

<b>Sl. No.</b>	<b>Name of the shareholder</b>	<b>No. of shares</b>	<b>% holding</b>
1	HDFC Trustee Company Limited-HDFC Equity Fund	36,19,881	8.69
2	Kotak Standard Multicap Fund	20,60,742	4.95
3	L&T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund	17,70,108	4.25
4	Life Insurance Corporation of India	1,15,63,80	2.78
5	Reliance Capital Trustee CO LTD -A/C Nippon India Large CAP Fund	8,23,432	1.98
6	Aditya Birla Sun Life Trustee Private Limited A/C	7,38,557	1.77
7	Tata AIA Life Insurance Co Ltd-Whole Life Mid Cap Equity Fund	5,43,190	1.30
8	National Insurance Company LTD	4,93,094	1.18
9	HDFC Life Insurance Company Limited	2,76,805	0.66
10	JPMORGAN CHASE BANK,N.A.	1,81,800	0.44
<b>Total</b>		<b>1,16,63,989</b>	<b>28.01</b>

(xvii) Distribution of shareholding as on 31.03.2020:

<b>Range of equity shares held</b>	<b>No. of Shareholders</b>	<b>% to total holders</b>	<b>No. of Shares</b>	<b>% to total equity</b>
1-5000	75,334	98.27	34,69,605	8.33
5001- 10000	764	1.00	5,89,682	1.42
10001- 20000	279	0.36	4,13,475	0.99
20001- 30000	82	0.11	20,81,09	0.50
30001- 40000	51	0.07	1,86,626	0.45
40001- 50000	33	0.04	1,52,031	0.37
50001- 100000	44	0.06	2,94,617	0.71
100001 & Above	76	0.10	3,63,30,355	87.24
<b>Total</b>	<b>76,663</b>	<b>100.00</b>	<b>4,16,44,500</b>	<b>100.00</b>

(xviii) 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 Regulation 39(4) of the Listing Regulations, 245 unclaimed shares were kept in a separate Suspense Account and all 245 shares held by 17 shareholders were transferred to the IEPF during 2017-18 established by the Central Government pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017. Any shareholder whose unclaimed shares are transferred to the IEPF may approach RTA / Company for claiming back such shares.

(xix) Dematerialization of shares and liquidity:

The Company's shares are being traded under International Securities Identification Number (ISIN) - INE258A01016. Further, 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 31.03.2020, 4,15,35,307 equity shares of the Company constituting 99.74% are in electronic form leaving a balance of 1,09,193 shares constituting 0.26% in physical form.

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.

(xx) Investor safeguards:

In pursuit of the Company's objective to mitigate / avoid risks while dealing with shares and related matters, the following are the Company's recommendations to its Members:

(a) Open Demat Account and dematerialise your shares

Members should convert their physical holdings into electronic holdings. Holding shares in electronic form helps Members to achieve immediate transfer of shares. No stamp duty is

payable on transfer of shares held in electronic form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

(b) Consolidate your multiple folios

Members are requested to consolidate their shareholdings held under multiple folios. This facilitates one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

(c) Confidentiality of security details

Folio Nos./DP ID/Client ID should not be disclosed to any unknown persons. Signed blank transfer deeds or delivery instruction slips should not be given to any unknown persons.

(d) Dealing with Registered Intermediaries

Members should transact through a registered intermediary, who is subject to the regulatory discipline of SEBI, as it will be responsible for its activities, and in case the intermediary does not act professionally, Members can take up the matter with SEBI.

(e) Obtain documents relating to purchase and sale of securities

A valid Contract Note/Confirmation Memo should be obtained from the broker/sub-broker, within 24 hours of execution of the trade. It should be ensured that the Contract Note/Confirmation Memo contains order no., trade no., trade time, quantity, price and brokerage.

(f) Update your address

To receive all communications and corporate actions promptly including dividends, please update your address with the Company, STA or DP, as the case may be.

(g) Prevention of frauds

There is a possibility of fraudulent transactions relating to folios which lie dormant, where the Member is either deceased or has gone abroad. Hence, we urge you to exercise diligence and notify the Company of any change in address, stay abroad or demise of any Member, as and when required.

(h) Monitor holdings regularly

Do not leave your demat account dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified.

(i) PAN requirement for transfer of shares in Physical Form

SEBI has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form. It is, therefore, mandatory for any transferee(s) to furnish a copy of the PAN card and other documents to RTA for registration of such transfers. Members are, therefore, requested to make note of the same and submit their PAN card copy and other documents to RTA.

(j) Mode of Postage

Share certificates and high value dividend warrants/cheques/demand drafts should not be sent by ordinary post. It is recommended that Members should send such instruments by registered post or courier.

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

(xxii) Listing of Debt Securities:

3000 Secured Redeemable Non-Convertible Debentures (NCDs) of face value of Rs.10 lakh each aggregating to Rs. 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 servicing the interest charges on half-yearly basis to the security holders. The first tranche of NCDs of Rs.100 Crs will be redeemed in May 2020. 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

(xxiii) Credit Rating on Debt Securities / working capital facilities:

- (a) ICRA has affirmed the long-term rating of [ICRA] A+ and the short-term rating of [ICRA] A1+ for Rs. 4500 Crores (enhanced from Rs. 2,750 Crore on April 15, 2020) limit towards fund based cash credit and non fund based bank guarantee. The outlook on the long term rating is Stable.
- (b) ICRA has affirmed the rating of long term non-convertible debenture of Rs. 300 crores with [ICRA] A+ (Stable). These ratings are considered to have a high degree of safety regarding timely servicing of financial obligations.

Any change in the credit ratings is being communicated to Stock Exchanges and the same are placed on Company's website [www.bemlindia.in](http://www.bemlindia.in)

(xxiv) 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

(xxv) Address for correspondence with the Company:

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

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

Shareholders may note that Bank Account details given by them to their Depository Participants (DP) would be used for payment of dividend under National Electronic Clearing Service and National Electronic Fund Transfer facilities. 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.

(xxvii) 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 RTA / DP. This would enable the Company to send notices and documents to the shareholders through e-mail. Out of 76,663 shareholders, there are about 62,666 shareholders have registered their e-mail IDs with the depository for communication purposes as on 31.03.2020, to whom the notice, annual reports, etc., can be sent in e-mode.

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

(xxviii) Unclaimed Dividends:

Under the provisions of the Companies Act, 2013, any amount that remains unpaid/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.

Further, MCA vide notification dated 05.09.2016 and subsequent amendments dated 28.02.2017 and 13.10.2017 stipulated that all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred to IEPF. Accordingly, all the unclaimed dividend amounts declared prior to 31.03.2013 along with shares are transferred to IEPF. Any shareholder whose shares are transferred to the IEPF may approach STA / Company for claiming back the shares along with the unpaid dividend amount.

Pursuant to Section 124 of the Companies Act, 2013, the unpaid dividends that are due for transfer to the IEPF are as follows:

<b>Dividend for the financial year</b>	<b>Date of Declaration</b>	<b>Unclaimed as on 31.03.2020 (₹ in lakhs)</b>	<b>Due for transfer on</b>
2012-13	13.09.2013	4.33	19.10.2020
2013-14	18.09.2014	2.00	24.10.2021
2014-15	15.09.2015	1.60	21.10.2022
2015-16	15.09.2016	6.22	21.10.2023
2016-17	21.09.2017	10.72	27.10.2024
2017-18	26.09.2018	11.83	01.11.2025
2018-19 (Interim)	21.03.2019	6.60	26.04.2026
2018-19 (Final)	26.09.2019	3.50	01.11.2026
2019-20 (Interim)	13.03.2020	3.79	18.04.2027
<b>Total</b>		50.59	--



**13. COMPLIANCE WITH CORPORATE GOVERNANCE:**

- (i) Your Company submitted quarterly compliance report on Corporate Governance as per prescribed format to the MoD, BSE and NSE and also on half-yearly/yearly basis to BSE and NSE, within 15 days from the close of each calendar quarter.
- (ii) Further, your Company submitted quarterly grading reports on the compliance with the Corporate Governance with Ministry of Defence (MoD). In addition, annual grading report for the FY 2019-20 (average of four quarters) is submitted to MoD with a copy to Department of Public Enterprises. As per the grading report for the year 2019-20, your Company was rated as 'Excellent' in adhering to the corporate governance standards with a score of about 95.92%.

For and on behalf of the Board of Directors

Bengaluru  
27.06.2020

D K Hota  
Chairman & Managing Director

## 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, 2020. 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 Sl. No. 2(i) - Composition of Board of Directors with regard to Independent Directors and Sl. No.7(b) - Consolidation of the accounts with respect to Joint Venture company, M/s BEML Midwest Ltd due to complete cessation of activities as the matter is subjudice.

Bengaluru  
June 15, 2020

For Velichety & Co.,  
Chartered Accountants

CA. V. Vijaya Raghava Rao  
Partner  
M.No.: 028453  
FRN.: 004588S  
UDIN: 20028453AAAABI2748

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

### **(i) Industry structure and developments:**

The Company is Schedule-A 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 & Aerospace and Rail & Metro.

### **Organization**

The three major Business verticals viz., Mining & Construction, Defence & Aerospace and Rail & Metro are headed each by a Business Group Director. The International Business Division exports equipment & spares and also provide services to all the three verticals. The Company's manpower strength stood at 6,602 as on 31.03.2020.

### **Production Units**

The Company has four manufacturing complexes located at Bengaluru, Kolar Gold Fields (KGF), Mysuru and Palakkad.

Bengaluru Complex: Bengaluru Complex manufactures various types of railway products such as rail coaches, AC Electrical Multiple Units (ACEMUs), Diesel Electric Multiple Units (DEMUs), Main Line Electric Multiple Units (MEMUs), Stainless Steel Electrical Multiple Units (SSEMUs), Overhead Equipment Inspection Cars (OHE Cars) / Diesel Electric Tower Cars (DETC), Treasury Vans, etc., for the Indian Railways. The Company also manufactures Stainless Steel Metro Cars for the Delhi Metro, Bengaluru Metro, Jaipur Metro and Kolkata Metro. The Bengaluru Complex also manufactures defence products such as Military Rail coaches, Ejector and Air Cleaner assemblies and Military Wagons.

KGF Complex: KGF Complex encompasses *Earth Movers Division, Hydraulics and Powerline Division, Rail Unit-II and Heavy Fabrication Unit*. *Earth Movers Division* produces a wide range of equipment such as Bulldozers, Electrical & Hydraulic Excavators, Wheel Loaders and Dozers, Pipe Layers, Tyre Handlers, C-Cranes, Engineering Mine Ploughs, Hulls for Battle Tanks and Armoured Recovery Vehicles. Also the *Earth Movers Division* has infrastructure to manufacture Electric Rope Shovels and Walking Draglines. *Hydraulic & Powerline Division* produces Transmissions, Axles, Hydraulic aggregates and allied assemblies required for the manufacturing units of BEML, Transmissions for Infantry Combat Vehicles and aggregates for battle tanks to the OFB. *Rail Unit -II* manufactures Rail Coaches, aggregates for Railway EMUs and structures for Aero-bridges. *Heavy Fabrication Unit* manufactures fabrication of structures, assembly of equipment and manufacture of components for Mining & Construction and Defence business verticals.

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 and air cooled engines for High Mobility Heavy Duty Trucks for Defence applications. The *Aerospace Manufacturing Division* produces Aircraft Towing Tractors, Ground Handling & Support Equipment, Weapon Loaders and aggregates for Missiles & Airborne structures.

Palakkad Complex: Palakkad Complex manufactures ground support equipment

such as High Mobility Heavy Duty Trucks of various combinations 12X12, 10X10, 8x8 & 6x6 as transport equipment and as Platform for Bridge Systems, Missile Carriers, Missile Launchers, Warhead Carriers, MAST System and Surveillance Radars. Also, the Company manufactures and supplies Mechanical and Pontoon Bridge Systems and aggregates for Rail & Metro Products.

Marketing: BEML's products are sold and serviced through its wide marketing network comprising 12 Regional Offices, 15 District Offices, and 5 Service Centres across the country. The Company also establishes temporary activity centres at customer locations to support and service equipment. Further, the Company has established full-fledged 'Service Training Centres' at KGF Complex and Mysuru Complex for offering variety of programs, scheduled round-the-year.

International Business Division: Company exports its products through its International Business Division. The major markets are Middle East countries, African countries and South East Asian countries. As part of the globalization strategy, Company's products have been exported to about 68 countries over the years.

Developments & Performance during 2019-20:

As per the 2nd advance estimates of Central Statistical Organization, the Indian economy is likely to post 5% growth in GDP for the year 2019-20.

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

**Mining & Construction**

- Bagged order for supply of 5 nos. of India's biggest 180T Electrical Excavator from M/s. SECL. 2 nos. supplied during the year 2019-20.

- Designed, Developed and Supplied India's biggest 750 HP Bulldozer to M/s. NALCO.
- Design & Development of 21 Ton Hydraulic Excavator.
- AI Product - Sleep / Fatigued operator alert system on Dump Trucks was developed and supplied.
- "International Quality Gold Award – 2019" for 'Cost Reduction in BH60M Dump Truck components by process improvements & Cycle Time Reduction'.
- "International Quality Gold Award – 2019" for 'Performance Improvement in BG605 – Motor Grader Transmission'.
- MoU signed with Syndicate Bank for financing Earth Moving & Construction Equipment manufactured by the Company.

**Defence**

- 1st set of Sarvatra Bridge System was handed over to Indian Army after receiving Bulk Production Clearance.
- Designed and Developed Medium Bullet Proof Vehicle 'Gaur'
- Designed and Developed Mobile Standby Command Post Vehicle (MSCPV)
- AI Powered Medical Health Diagnostic Systems was developed.
- "SKOCH Order of Merit" Award for design & development of Armoured Repair & Recovery Vehicle.
- MoU was signed with M/s Wipro Infrastructure Engineering for working together mainly for Hydraulic System Engineering for Military Equipment, Aerospace and AI based projects.

**Rail & Metro**

- Hon'ble Prime Minister of India unveiled Unmanned Train Operation – Driverless Metro Car for Mumbai Metro, designed and supplied by BEML Limited.
- Hon'ble Railway Minister inaugurated Metro cars manufactured and supplied by BEML Limited for Kolkata East West corridor.
- Designed and developed Standard gauge Catenary Maintenance Vehicle (SG-CMV) for DMRC.

- Indigenously developed Bogie Run Test Machine was set up at Bengaluru Complex.
- "International Quality Gold Award – 2019" for 'Elimination of Auto Obstruction Detection Error in Metro Passenger Saloon Door'.
- "SKOCH Order of Merit" Award for design & development of Metro Cars for KMRC.
- Memorandum of Understanding (MoU) with M/s. IRCON International Limited was signed to explore and address opportunities in the overseas market by synergizing each other's strengths for large infrastructure projects in the transportation sector.

**(ii) Strength and Weakness:**

**(a) Strength**

- Established manufacturing infrastructure and knowledge base.
- Established R&D base with dedicated test facilities. Over 65% of Sales is thru R&D developed products.
- Capability to design & manufacture of high-end Mining equipment.
- Expertise in Heavy Fabrication and Machining manufacturing Stainless Steel Coaches, Metro Cars, EMUs, etc.
- More than 85% of Sales is achieved on Competition mode.
- Extensive Sales and Service infrastructure – Established Regional, District Office & Activity centers across India.
- Major Market Share in High Capacity Dozers and Metro Cars in India.
- Strong relationship with Services, Defence Labs and Government agencies
- Green Company – Use of Renewable energy sources.
- Good Brand value, large customer base and work ethics culture.

**(b) Weakness**

- Depletion of Skilled Manpower & Ageing Workforce
- No assured business from GoI unlike some of the other DPSUs.
- Uncertainty in orders for Rolling stock.

- Low Exports
- Low Market Share in Construction Equipment

**(iii) Opportunities and Threats:**

**(a) Opportunities**

**Mining & Construction:**

- Coal India Limited has earmarked Capex of ₹ 9,500 Crore during 2020-21.
- Increased thrust by Government in infrastructure development and reforms in coal sector.

**Rail & Metro:**

- Capex of ₹ 1,61,042 Crore earmarked by Indian Railways during 2020-21 towards capacity augmentation and Maintenance.
- 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 LHB Coaches and Stainless-Steel EMUs.
- Thrust on GoI Public Procurement (Preference to Make in India), Order 2017.

**Defence:**

- 'Make in India' policy of Government is a boon to Indian industry and focus is on for Indigenous production.
- Growing opportunities in Maintenance, Repair, Overhaul and Upgrade programs.
- Thrust on Exports through LoC for Defence Products.
- Increased impetus on modernisation of central paramilitary forces.

**New Areas:**

- Demand for high end Electric Drive Dump Trucks, Excavators and Bull-Dozers.
- AI and Robotics enabled systems
- Unmanned ground vehicles.
- Manufacture of Fixed wing aircraft and Helicopter Aggregates.
- Unmanned Aerial Vehicles (UAVs)

- New Opportunities in Aerospace Business and ISRO.
- Medium speed EMUs and High-speed trains.
- Emerging business opportunity for Light Rail.
- New opportunities in Maintenance equipment viz. Rail Grinding machines, Track Cleaning Machine, etc.
- AI based products

**(b) Threats**

- 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.
- Increasing pressure on reducing Life Cycle costs.
- Increased FDI caps in Coal & Defence sector.
- Manifold increase in competition from Indian Private industry and foreign OEMs including their JVs in Defence sector
- Policy interventions favouring Private sector.

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

SEBI vide its letter dated 21.07.2003 granted exemption to the Company from publishing segment-wise information in quarterly / half yearly and annual audit financial results. Further, the Ministry of Corporate Affairs vide Notification dated 23.02.2018 granted exemption to the Companies engaged in defence production to the extent of application of relevant Accounting Standard on segment reporting. Hence, the Segment-wise or Product-wise performance is not appended to this report.

**(v) Outlook:**

Mining & Construction:

Due to ongoing pandemic Covid-19, the forecast for Mining & Construction business is expected to grow only in the last quarter of current fiscal year. However, to boost GDP, GoI has announced various Policy reforms. Also, Coal India mandated to replace at least 100 MT of imports with domestic coal in FY21. Further, GoI has also given approval for opening up of commercial Coal Mining with Revenue Share Arrangement to boost domestic production. Capex has also been earmarked towards procurement of High Capacity Mining equipment in order to meet the target.

This augurs well for the Company and plans are afoot to grasp the business within its product portfolio.

Defence & Aerospace:

The move towards 'Aatmanirbhar Bharat' and reforms in MSME Sector will give impetus for indigenous manufacture and Self-Reliance in Defence sector. Also new areas of Business viz. overhauling of Recovery / High Mobility Vehicles will also add numbers in top-line.

BEML is making all efforts to pick up business in the areas related to its product portfolio and in overhauling business. The Company is also working with other DPSUs / Private Sectors for supply of High Mobility Vehicles and aggregates for various Missile Programmes and Aerospace components.

Rail & Metro:

With increased Capex earmarked by Indian Railways and upcoming Kerala Semi High-Speed Rail, Coach manufacturing is graduating to Medium / High speed Coaches / LHB Coaches. BEML is pursuing tie-ups to address this requirement.

Supply of first set of Main Line Electric

Multiple Units is commencing during current year. Maintenance equipment requirements are also increasing for Overhead Inspection Cars, Track Laying, Rail Grinding & Track Cleaning Machines.

Further, Metro Rail is 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. BEML is optimistic about getting orders for upcoming Metro Car projects. Supply of Driverless Metro Car for Mumbai Metro will start from current year.

**Exports:**

In order to increase exports BEML has drawn strategies to export Defence and Rolling stocks equipment in addition to Mining & Construction equipment by widening BEML's Distributor Network, setting up offices abroad, Joint Ventures in India or with local firms in abroad, EXIM bank opportunities – Through Indian Lines of Credit and Exploring opportunities through Chambers of Commerce / Embassies / Defence Attaches.

With the above strategy, in addition to export of Mining & Construction equipment, High Mobility Vehicles, Aircraft towing tractor, Armoured Personnel Carrier vehicles in the area of Defence and Rail coaches, EMUs, Metro Cars, Maintenance vehicles in the area of Rail & Metro business.

**(vi) Challenges, Risks and Concerns:**

The major challenges to the Company are:

- Resumption of Supply Chain post Covid-19.
- 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 more MNCs.

- Support in terms of Orders from Indian Railways.
- Long process in release of Defence sale orders & clearances
- Defence business 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.

The Statutory Auditors submit a report on internal financial controls over financial reporting along with their Audit Report on the financial statement every year.

BEML being a Government Company, it is subject to audit by Comptroller and Auditor General of India also.

A comprehensive delegation of power exists for smooth decision making which is being periodically reviewed to align it with changing business environment and

for speedier decision making.

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

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

(₹ in Crores)

<i>Particulars</i>	<b>2019-20</b>	<b>2018-19</b>
a. Gross Revenue	<b>3029</b>	3481
b. Revenue from Operations	<b>3029</b>	3481
c. Value of Production	<b>3321</b>	3467
d. Profit before Depreciation, Interest and Tax	<b>136</b>	260
e. Finance costs	<b>41</b>	59
f. Depreciation and amortization expense	<b>71</b>	70
g. Profit Before Tax	<b>24</b>	131
h. Tax Expense	<b>(44)</b>	67
i. Profit after Tax	<b>68</b>	63
j. Other Comprehensive Income	<b>43</b>	13
k. Total Comprehensive Income	<b>25</b>	50
l. Networth	<b>2257</b>	2187
m. Inventory	<b>2003</b>	1702
n. Trade Receivables (Net)	<b>1510</b>	1613
Total Inventory in no. of days of VoP (m/c)	<b>220</b>	179
Trade Receivables / Revenue from Operations in days (n/b)	<b>154</b>	149
Profit before Tax to Revenue from Operations (g/b) (%)	<b>0.79%</b>	3.76%
Profit after Tax to Networth (i/l) (%)	<b>3.01%</b>	2.88%

Your Company achieved revenue from operations of ₹3029 crores as against ₹3481 crores in the previous year, reduction by 13%.

The Value of Production is ₹3321 crores as against ₹3467 crores in the previous year, reduction by 4%. The Profit before Tax was ₹24 crores as against Profit before Tax of ₹131 crores recorded in the previous financial year.

The spread of COVID-19 Pandemic and subsequent lockdown in the last week of March 2020, has impacted the Company's turnover and production due to the closure of Company's manufacturing facilities, disruption in spares & service business, non-receipt of items on account of supply chain disruptions, restrictive movements /non-availability of required trailers, etc.

Based on the information available (internal as well as external) upto the date of approval of these financial results, Company expects to recover the carrying amounts of intangible assets, trade receivables, inventory and other financial Assets. Efforts are being made to minimize the impact and Company will continue to closely monitor the developments & future economic & business outlook and its impact on Company's future financial statements.

There was no change in the nature of 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 31.03.2020 till the date of this report.



**(ix) Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore, including:**

<b>Key Financial ratio</b>	<b>2019-20</b>	<b>2018-19</b>	<b>%age Change</b>	<b>Explanation</b>
(i) Debtors Turnover	<b>2.01 times</b>	2.16 times	(6.94)	--
(ii) Inventory Turnover	<b>1.51 times</b>	2.04 times	(25.98)	Increase in inventory and decrease in turnover.
(iii) Interest Coverage Ratio	<b>1.59</b>	3.21	(50.47)	Decrease in turnover with consequential decrease in profits.
(iv) Current Ratio	<b>2.89</b>	2.08	38.94	Decrease in other current liabilities
(v) Debt Equity Ratio	<b>0.15</b>	0.18	(16.67)	--
(vi) Operating Profit Margin (%)	<b>4.49</b>	7.47	(39.89)	Decrease in Turnover
(vii) Net Profit Margin (%)	<b>2.26</b>	1.82	24.18	--

**(x) Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.**

<b>Key Financial ratio</b>	<b>2019-20</b>	<b>2018-19</b>	<b>%age Change</b>	<b>Explanation</b>
Return on net worth	134%	159%	(15.72)	--

**(xi) 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 31.03.2020 stood at

6,602. During the year, 19,443 man-days of training were imparted to sharpen their skills and update their knowledge of employees.

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

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

**(xiii) Corporate Social Responsibility and Sustainability (CSR):**

Relevant information in this regard is disclosed in Annexure –VI of 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

Bengaluru  
27.06.2020

D K Hota  
Chairman & Managing Director

**BUSINESS RESPONSIBILITY REPORT**

**Section A: General Information about the Company**

1. Corporate Identity Number (CIN) of the Company: L35202KA1964GOI001530
2. Name of the Company: BEML Limited
3. Registered address: BEML Soudha, No.23/1, 4th Main, S.R. Nagar, Bengaluru - 560 027
4. Website: www.bemlindia.in
5. E - mail id: cs@beml.co.in
6. Financial Year reported: 2019-20
7. Sector(s) that the Company is engaged in (industrial activity code - wise):
  - (a) 28243 - Mining & Construction
  - (b) 30400 - Defence
  - (c) 30203 - Rail & Metro
8. List three key products/services that the Company manufactures/provides (as in balance sheet):
  - (i) Mining Equipment - Dozers, Dumpers, Excavators, Loaders, Shovels, etc.
  - (ii) Defence Products - Heavy Duty Trucks, Bridge Systems, Recovery Vehicles
  - (iii) Rail & Metro Products- Metro Cars, Electric Multiple Units, Maintenance Vehicles
9. Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations (Provide details of major five):  
  
Only one overseas office at Brazil which was closed on 21.05.2019.

- (b) Number of National Locations:  
  
 Manufacturing Units at: Bengaluru (Karnataka), Mysuru (Karnataka), Kolar Gold Fields (Karnataka) and Palakkad (Kerala).  
  
 Regional Offices at: Bengaluru, Bilaspur, Dhanbad, Hyderabad, Kolkata, Mumbai, Nagpur, New Delhi, Neyveli, Ranchi, Sambalpur and Singrauli.  
  
 District Offices at: Ahmedabad, Asansol, Bachel, Bhilai, Bhubaneswar, Chandrapur, Chennai, Guwahati, Hospet, Jammu, Kothagudem, Leh, Ramagundem, Udaipur and Vijaywada.  
  
 Service Centres at: Bilaspur, Hyderabad, Kolkata, New Delhi and Singrauli.  
  
 Spare Parts Warehouse for Defence at Pune and Jodhpur.  
  
 Activity Centres are Bhopal, Itanagar, Kochi, Madurai, Maihar, Panjim, Silapathar and Visakhapatnam.
10. Markets served by the Company - Local/ State/ National/International:  
  
National and International

**Section B: Financial Details of the Company**

1. Paid up Capital (₹): 41.64 crores
2. Total Turnover (₹): 3029 crores
3. Total Comprehensive Income (₹): 25 crores
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):  
  
During the financial year 2019-20, Company has incurred an expenditure of ₹4.32 crores which is more than 2% of the average net profits of the Company made during the three immediately preceding financial years.

5. List of activities in which expenditure in 4 above has been incurred:

- (a) Education,
- (b) Medical facilities,
- (c) Akshaya Patra Foundation
- (d) Plucking machines to Farmers in Karnataka

### Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?

Yes, the Company has the following two Subsidiary Companies:

- (a) M/s. Vignyan Industries Limited (VIL):  
CIN-U51101KA1963PLC001510
- (b) M/s. MAMC Industries Limited (MIL):  
CIN-U29253WB2010GOI152567

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

No.

3. Do any other entity/entities (e.g. suppliers,

distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Outsourcing and vendor development strategy helps in identifying the blemish free vendors. Periodical vendor evaluation is carried out and added to the Approved Vendor List (AVL). Further, the Company has introduced e-procurement, e-payment to vendors, Integrity Pact, etc., to further ensure transparency and fair business practices. Through vendor rating mechanism, feedback is provided to suppliers with regard to quality, delivery and performance. To summarize, more than 60% of the vendors available in the AVL conform to key principles of business responsibility.

### Section D: Business Responsibility (BR) Information

#### 1. Details of Director/Directors responsible for BR

Details of the BR Heads / Directors responsible for implementation of the BR policy/policies:

S.No.	Particulars	BR Heads		
1	DIN (if applicable)	06725629	08467141	08741858
2	Name	Suresh S Vastrad	M V Rajasekhar	Ajit Kumar Srivastav
3	Designation	Director (Rail & Metro Business)	Director (Mining & Construction Business)	Director (Defence Business)
4	Telephone No.	080-25244952	080-22963216	080-22963114
5	e-mail id	droffice@beml.co.in	dmhq@beml.co.in	office@dd.beml.co.in

#### 2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have policy/policies for..	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options):

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not applicable as the Company has formulated policies based on all the nine principles.								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:

The Committee of Functional Directors will review the BR issues periodically.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has formulated Sustainable Development (SD) Policy and placed on the website of the Company at <https://www.bemlindia.in/writereaddata/Downlads/20170806183240Sustainable.pdf>. CSR and SD Committee will monitor and review the SD projects on a quarterly basis or at different frequencies depending upon the nature of the performance indicators. Evaluation of the SD projects will be done on a yearly basis by the Committee. Further, the Company will publish BRR as part of its Annual Report posted on the website of the Company [www.bemlindia.in](http://www.bemlindia.in).

corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a pact with the principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the completion of contract. Any violation of the same would entail disqualification of the bidders and exclusion for future business dealings. Two Independent External Monitors (IEMs) have been appointed to review the cases on bi-monthly basis or quarterly basis. During the year, ₹2863 crores worth of purchase orders were entered into Integrity pact.

Also, the Vigilance Department of the Company guides and facilitates for impartial, fair and transparent decision making and gives priority to preventive vigilance, with proactive attitude.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

In BEML, there is constant effort to enhance stakeholders' satisfaction level. Accordingly, many initiatives have been taken to redress the complaints effectively. During the year, the Company has received about 27 complaints from shareholders and all of them were successfully resolved.

### Section E: Principle-wise performance

#### Principle 1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?

Yes. In addition, the Company has adopted Integrity Pact with all vendors / suppliers/ contractors / service providers for all orders / contracts of value ₹1 Crore and above. The pact essentially envisages an agreement between the prospective vendors / bidders and the Company, committing the persons / officials of both sides, not to resort to any

#### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- (a) Metro Cars  
(b) Heavy Duty Trucks  
(c) High End Excavators

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product

(optional):

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

BEML continues to give emphasis on conservation of energy, water, fuel, raw material etc. It sets specific targets for their consumption. The energy audits conducted also help to identify and prioritize energy efficient technological measure and savings opportunities. The efficiency of energy utilization is closely monitored to attain higher level of energy conservation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes.

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has set up stringent selection mechanism for vendor selection with an objective of sustainable sourcing and mutual long-term benefit. The Company gives feedback to vendors by regularly monitoring their performances on various parameters including quality, cost and delivery. The Company conducts Vendors meet to address concerns, if any, to ensure sustainable sourcing. The Company's image, ethical & transparent business practices, good relationship with vendors, etc ensure that majority of the items are sourced for sustainability.

Necessary steps have been taken to protect the environment which addresses conservation of natural

resources. Substantial efforts have been made in sourcing energy efficient equipments, also in identifying and replacing energy inefficient equipments to enhance energy conservation. More and more renewable energy systems are being implemented.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes.

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The company provides ample opportunities for the small and local vendors to get qualified as the company's approved vendor by improving their capacity and capability to be in tune with the company's requirements. All the Units/Divisions facilitate the procurement of items from the respective local vendors.

To facilitate the vendors to scale up their capacity and capability, the vendors are evaluated through vendor rating mechanism including quality and delivery rating. Besides, the company adopts stringent criterion on various parameters including capacity and capability for evaluation. The various issues arising due to the above factors are addressed during the annual vendor meet of the company for mutual benefit.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Company has well established mechanism to channelize for disposal of waste generated during the manufacture of product/

equipment through authorized recyclers/handlers to respective Pollution control approved agencies. In addition, left out food waste used for generation of Biogas using in the Biogas plant is in turn used for light cooking application. Further, the Company has coolant recycle plant used for subsiding the heat generated during the manufacturing process. Sewage treatment plants are also established for recycling the water which is being used for production purposes. All these facilities would contribute to about 5-10% of recycling of products and waste.

**Principle 3: Businesses should promote the well being of all employees**

1. Please indicate the Total number of employees: 6,602
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis: 4,703
3. Please indicate the Number of permanent women employees: 256
4. Please indicate the Number of permanent employees with disabilities: 145
5. Do you have an employee association that is recognized by management: Yes
6. What percentage of your permanent employees is members of this recognized employee association: The total strength of employees and executives as on 31.03.2020 is 6,602 of which 4,496 are employees which is 68.10% of total strength who are members of this registered employee association.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of under mentioned employees were given safety & skill up-gradation training in the last year?

Sl. No.	Category	Total Employees	% of persons trained on Safety Aspects	% of persons trained for Skill Upgradation
1	Permanent Employees	6,602	19.00	65.00
2	Permanent Women Employees	256	13.68	66.80
3	Casual/Temporary/Co Contractual Employees	4,703	19.23	9.59
4	Employees with Disabilities	145	3.45	11.73

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the company mapped its internal and external stakeholders? Yes/No  
 Yes, the Company has mapped its internal and external stakeholders which includes
  - (i) Government & Regulatory authorities.
  - (ii) Customers
  - (iii) Investors
  - (iv) Employees
  - (v) Local Community and other stakeholders
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.  
 Yes, the Company has identified the aforesaid stakeholders as part of its CSR policy



objectives and Swachh Bharat Abhiyan initiatives.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Special allowances are given to SC/ ST employees. Further, with a view to encourage and provide financial assistance to meritorious children of SC / ST employees, rebates are given in the educational institutions and employment opportunities are provided.

BEML extends special allowance and facilities for persons with disabilities which include free transport, conveyance allowance for physically handicapped employees who do not use company transport, special ramps within the factory for movement of disabled persons, special toilets have been provided wherever required, grace time to record attendance and permission granted to take vehicles up to the place of work. Appliances such as calipers, hearing aids, aluminum folding sticks etc., for orthopedically handicapped, hearing and visually handicapped are also provided.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Human Rights have been built into all the policies, systems and processes used in BEML. Thus, Human Rights are a fundamental precept of all the Company policies, interactions and business ventures with suppliers/ contractors/ NGOs and others. The regard for Human Rights is thus an inalienable facet of all business processes in BEML and covers the entire spectrum of BEML's business activities.

2. How many stakeholder complaints have been received in the past financial year and what

percent was satisfactorily resolved by the management?

NIL

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.

Covers the company only. In addition, company promotes customer awareness in environmental management to minimize impact on environment during usage of the Company's Products. The Company also persuades and encourages its business partners/vendors/contractors to move towards environmental friendly processes, right from design to disposal.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The Company addresses the issues such as climate change, global warming through energy conservation measures, like energy efficient chillers, lighting management system, building management systems. There is a thrust to use renewable energy resources such as wind and solar for energy generation and captive consumption.

3. Does the company identify and assess potential environmental risks? Y/N

Yes. This is well established as part of environment management system based on ISO14000 standards.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Please refer para (i) of the 'Renewable Energy Development, Energy Conservation, Research & Development and Technology

Absorption' of Board's Report.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Please refer para (i) of the 'Renewable Energy Development, Energy Conservation, Research & Development and Technology Absorption' of Board's Report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. This is being closely monitored and reported.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- (a) Confederation of Indian Industry (CII)
- (b) Engineering Export Promotion Council (EEPC)
- (c) Federation of Indian Chambers of Commerce & Industry (FICCI)
- (d) Federation of Indian Export Organisations (FIEO)
- (e) Federation of Karnataka Chambers of Commerce and Industry (FKCCI)
- (f) Indian Construction Equipment Manufacturer's Association (ICEMA)

- (g) Society of Defence Technologists (SODET)

- (h) Standing Conference of Public Enterprises (SCOPE)

- (i) Institute of Directors (IOD)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Whenever policy guidelines are issued, suggestions are being provided. In addition, seminars / workshops are also attended for facilitating our view on the policies.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. The Company had established the CSR Policy, in line with the Companies Act, 2013. The Company is pursuing its cherished value of endeavouring to fulfill its Corporate Social Responsibilities.

2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?

All the CSR initiatives in the company are taken up through in-house team. The CSR initiatives being pursued by the company are broadly in the following areas:

- (a) Education,
- (b) Medical facilities,
- (c) Akshaya Patra Foundation
- (d) Plucking machines to Farmers in Karnataka

3. Have you done any impact assessment of

your initiative?

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.

The programmes / projects are generally chosen in the local areas of the Company's manufacturing units. These programmes / projects are implemented by the teams of the Company. However, no impact assessment has been carried out by the Company so far considering the nature of the projects undertaken.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

During the year 2019-20, an amount of ₹4.32 crores was set aside by the Company on various CSR programmes / projects. Some of the key programmes undertaken during the year are given in the Annexure VI: Report on CSR activities.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Consequent to the implementation of our new initiatives on CSR programmes in Karnataka State, various community development programmes in the areas of education, health care, environment protection and rural development have already been implemented in association with the District Administration and local communities. These programmes are likely to make an impact on the lives of the rural people and accelerate the development of the District.

**and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

Resolving after-sales-service requests by the customer is a continuous process and BEML has dedicated service team to attend the same and to make sure that the down time is minimal. There are no complaints pending as on the end of financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)

Yes.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes. Customer satisfaction survey is conducted periodically and the outcome of the survey will be used in improving the satisfaction level.

For and on behalf of the Board of Directors

Bengaluru  
 27.06.2020

D K Hota  
 Chairman & Managing Director

**Principle 9: Businesses should engage with**

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY 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 & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly or indirectly take up programs that benefit the communities in & around its Units /Zonal offices /Regional /District offices/Work Centres and results, over a period of time, in enhancing the quality of life & economic well-being of the local population.
- To generate through its CSR initiatives, a community goodwill for BEML and help reinforce a positive & 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.in](http://www.bemlindia.in).

**(b) The Composition of the CSR Committee**

S.No.	Name of the Director	Category	Attendance
<i>Chairman:</i>			
1	Dr. Gurmohinder Singh	Independent Director	1/1
2	Shri Sudhir Kumar Beri <sup>1</sup>	Independent Director	--
<i>Members:</i>			
3	Shri R H Muralidhara	Director (Defence Business)	1/1
4	Shri MV Rajasekhar <sup>2</sup>	Director (Mining & Construction Business)	--
5	Shri B R Viswanatha <sup>3</sup>	Director (Mining & Construction Business)	1/1

1. Ceased to be Chairman on 01.12.2019    2. Appointed as Member w.e.f. 01.06.2019  
3. Ceased to be member on 31.05.2019

**(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 ₹131.01 crores and 2% of the same would be ₹2.62 crores. Accordingly, the same 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 ₹4.32 crores towards CSR Activities.

**(d) Prescribed CSR Expenditure: ₹2.62 crores**

**(e) Details of CSR spent during the financial year.**

- (i) Total amount to be spent for the financial year: ₹2.62 crores
- (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 the 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.

Chairman & Managing Director

Chairman CSR Committee

## DETAILS OF CSR PROJECTS FOR THE YEAR 2019-20

[Format prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules 2014]

(₹ in Lakhs)

Sl. No.	CSR Project or activity identified	Projects or Programs identified		Amount outlay (budget) project or programs in Lakhs	Amount spent on project or programmer		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 the project or programs was under taken		(1) Direct Expenditure on the projects or Programs	(2) Over heads		
1	Providing of Education to local population at KGF	Local areas	Kolar District, Karnataka	0	415.91	0.00	415.91	Direct
2	Mobile Medical camp & Medical facility at KGF for BGML & adopted village	Local areas	Kolar District, Karnataka	0	0.55	0.00	0.55	Direct
3	Establishing of Akshaya Talent Hostel in association with Akshaya Patra Foundation	Local areas	Bengaluru District, Karnataka	0	9.00	0.00	9.00	Akshaya Patra Foundation, Bangalore
4	Empowering Cotton Farmers in Karnataka with hand held Cotton Plucking Machine (Kappas Machine) in association with M/s Cotton Corporation of India (CCI)	Local areas	Yadgir & Raichur Districts in Karnataka	0	6.72	0.00	6.72	The Cotton Corporation of India Ltd. (CCI)
<b>Total</b>				0	<b>432.18</b>	<b>0.00</b>	<b>432.18</b>	

For and on behalf of the Board of Directors

Bengaluru  
27.06.2020

D K Hota  
Chairman & Managing Director

## **Secretarial Audit Report**

For the Financial Year ended 31st March 2020

[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, and subject to our separate letter attached hereto as the Annexure, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2020, 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 2020 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 thereunder;
  - (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;
  - (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, 2015;
    - iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
    - iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - v. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013 and dealing with client. [Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year];
    - vi. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

- (f) The Electricity Act, 2003 and the Rules made there under.
- (g) Indian Copyright Act, 1957
- (h) The Patents Act, 1970
- (i) The Trade Marks Act, 1999
- (j) 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.
- (k) Guidelines issued by the Department of Investment and Public Asset Management, Ministry of Finance – as applicable to Central Public Sector Enterprises.
4. We have also examined compliance with the Listing Agreements entered into by the Company and compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
6. We further report that, there were no events / actions in pursuance of:
- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, and
- c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018. Requiring compliance thereof by the Company during the Audit period.
7. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.
8. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the qualifications mentioned in paragraph 10 below.
9. Subject to the qualifications mentioned in paragraph 10, we further report as below:
- 9.1 that, -
- (a) 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.
- (b) the Company followed proper Board processes in convening and conduct of Meetings 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, if any, are recorded in the Minutes Book of General Meetings.
- 9.2 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;



9.3 There were no instances of:

- (i) Public, 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.

Directors on the Board.

- b) the strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.

10. Qualification:

10.1 During the Financial Year, the Company did not comply with the Regulation 17(1)(a) and Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 inasmuch as –

for VN & Associates  
Company Secretaries  
UDIN No. F003000B000345232

S Viswanthan  
ACS 5284; CP 5284  
Partner

K N Nagesha Rao  
FCS 3000 CP 12861  
Partner

- a) the number of non-executive directors was less than 50% of the total number of

Bengaluru  
16th June, 2020

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## **The Annexure to the Secretarial Audit Report for the Financial Year 2019-20**

To the Members of BEML Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we obtained the management representation on the compliances of laws, rules and regulations as well on happening of events.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide reasonable basis for our opinion.

for VN & Associates  
Company Secretaries  
UDIN No. F003000B000345232

S Viswanthan  
ACS 5284; CP 5284  
Partner

K N Nagesha Rao  
FCS 3000 CP 12861  
Partner

Bengaluru  
16th June, 2020

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

SI No.	Observation	Company's Reply
10.1	<p>During the Financial Year, the Company did not comply with the Regulation 17(1)(a) and Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 inasmuch as -</p> <p>(a) the number of non-executive directors was less than 50% of the total number of Directors on the Board</p> <p>(b) the strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.</p>	<p>In terms of Articles of association, the Directors are appointed by the President of India from time to time. Accordingly, the matter has been taken up with the Government of India and persistent follow-ups are being made for filling up the vacancies and same is under the consideration of Government of India.</p>
10.2	<p>For the Financial Year 2019-20 the Company did not prepare financial statements consolidating its accounts with its joint venture company BEML Midwest Ltd, as required under Section 129(3) of the Companies Act, 2013.</p>	<p>There was complete cessation of activities in M/s. BEML Midwest Ltd., 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. Provision for diminution in the value of investment in the JV company is already made. The impact, if any, on account of non-consolidation is not expected to be material.</p>

For and on behalf of the Board of Directors

Bengaluru  
16th June, 2020

D K Hota  
Chairman & Managing Director

**Annexure-VIII**

**Form No.MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31.03.2020

[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  |
| i)   | 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 : | Kfin Technologies Private Limited<br>Selenium Building, Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032. Ph.: 040-67161526 |

**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:

<b>Sl. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product/ service</b>	<b>% to total turnover of the company</b>
1.	Bulldozer	28243	49
2.	Excavator	28243	
3.	Motor Grader	28243	
4.	Wheel Loader	28243	
5.	Dump Trucks	28243	
6.	Railway Coaches	30203	37
7.	Rail Wagons	30203	
8.	Metro Cars	30203	
9.	Defence equipment	30400	14

### 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 Limited, Haliyur, B.H.Road., Tarikere Post, Chikmagaluru Dist, Karnataka Pin 577228	U51101KA196 3PLC001510	Subsidiary Company	96.56%	2(87)
2	M/s. MAMC Industries Limited, No.35/1A, Taratala Road, Kolkata, West Bengal - 700088	U29253WB201 0GOI152567	Subsidiary Company	100.00%	2(87)
3	M/s. BEML Midwest Limited, 'C-91, BEML Janatha Flats, Punjagutta, Hyderabad -560082	U13204AP200 7PLC053653	Associate Company	45.00%	2(6)

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Shareholding

CAT. CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE 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)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	22500000	0	22500000	54.03	22500000	0	22500000	54.03	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1):</b>	<b>22500000</b>	<b>0</b>	<b>22500000</b>	<b>54.03</b>	<b>22500000</b>	<b>0</b>	<b>22500000</b>	<b>54.03</b>	<b>0.00</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>22500000</b>	<b>0</b>	<b>22500000</b>	<b>54.03</b>	<b>22500000</b>	<b>0</b>	<b>22500000</b>	<b>54.03</b>	<b>0.00</b>

CAT. CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	8456653	500	8457153	20.31	9298546	0	9298546	22.33	2.02
(b)	Financial Institutions /Banks	2082160	0	2082160	5	1676572	0	1676572	4.03	-0.97
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	1544507	0	1544507	3.71	1002341	0	1002341	2.41	-1.30
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1):</b>	<b>12083320</b>	<b>500</b>	<b>12083820</b>	<b>29.02</b>	<b>11977459</b>	<b>0</b>	<b>11977459</b>	<b>28.76</b>	<b>0.80</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1659310	2000	1661310	3.99	1238359	2000	1240359	2.98	-1.01
(b)	Individuals									
	(i) upto ₹ 2 lakh	4326353	80593	4406946	10.58	4490867	65993	4556860	10.86	10.94
	(ii) excess of ₹ 2 lakh	310000	0	310000	0.74	232405	0	232405	0.64	0.56
(c)	Others									
	CLEARING MEMBERS	291725	0	291725	0.70	325305	0	325305	0.78	0.08
	I E P F	44070	0	44070	0.11	55001	0	55001	0.13	0.03
	NBFC	13969	0	13969	0.03	1294	0	1294	0.00	-0.03
	NON RESIDENT INDIANS	221233	42800	264033	0.63	214257	41200	255457	0.61	-0.02
	NRI NON-REPATRIATION	59661	0	59661	0.14	56812	0	56812	0.14	-0.01
	TRUSTS	8966	0	8966	0.02	3270	0	3270	0.01	-0.01
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>6935287</b>	<b>125893</b>	<b>7060680</b>	<b>16.95</b>	<b>6617570</b>	<b>109193</b>	<b>6726763</b>	<b>16.15</b>	<b>-0.80</b>
	Total B=B(1)+B(2) :	19018607	125893	19144500	45.97	19035307	109193	19144500	45.97	0.00
	Total (A+B) :	41518607	125893	41644500	100.00	41535307	109193	41644500	100.00	0.00
<b>(C)</b>	<b>Shares held by custodians, against which Depository Receipts have been issued</b>									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C):</b>	<b>41518607</b>	<b>125893</b>	<b>41644500</b>	<b>100.00</b>	<b>41535307</b>	<b>109193</b>	<b>41644500</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	22500000	54.03	NIL	22500000	54.03	--	--

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

	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the Company</b>
	<b>President of India</b>	<b>President of India</b>	<b>President of India</b>	<b>President of India</b>
At the beginning of the year	22500000	54.03%	22500000	54.03%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil			
At the End of the year	22500000	54.03%	22500000	54.03%

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

<b>Sl. No.</b>	<b>Name of the Share Holder</b>	<b>No of Shares</b>	<b>% of total shares of the company</b>	<b>Date</b>	<b>Increase/Decrease in share holding</b>	<b>Reason</b>	<b>No of Shares</b>	<b>% of total shares of the company</b>
1	HDFC TRUSTEE COMPANY LTD- HDFC EQUITY SAVING FUND	3715380	9.00	30/03/2019			3715380	8.92
				06/12/2019	-52400	Sale	3662980	8.80
				24/01/2020	-10000	Sale	3652980	8.77
				14/02/2020	-8099	Sale	3644881	8.75
				21/02/2020	-25000	Sale	3619881	8.69
				31/03/2020			3619881	<b>8.69</b>
2	KOTAK DEBT HYBRID	2022270	4.86	30/03/2019			2022270	4.86
				05/04/2019	-17791	Sale	2004479	4.81
				19/04/2019	11200	Purchase	2015679	4.84
				26/04/2019	-55300	Sale	1960379	4.71
				03/05/2019	4900	Purchase	1965279	4.72
				10/05/2019	4200	Purchase	1969479	4.73
				17/05/2019	11900	Purchase	1981379	4.76
				31/05/2019	9100	Purchase	1990479	4.78
				07/06/2019	10300	Purchase	2000779	4.80
				07/06/2019	-700	Sale	2000079	4.80
				14/06/2019	-10500	Sale	1989579	4.78
				21/06/2019	-118300	Sale	1871279	4.49
				28/06/2019	-42700	Sale	1828579	4.39
				02/08/2019	7000	Purchase	1835579	4.41
				09/08/2019	8000	Purchase	1843579	4.43
16/08/2019	110000	Purchase	1953579	4.69				
27/09/2019	19425	Purchase	1973004	4.74				
18/10/2019	6712	Purchase	1979716	4.75				

<b>Sl. No.</b>	<b>Name of the Share Holder</b>	<b>No of Shares</b>	<b>% of total shares of the company</b>	<b>Date</b>	<b>Increase/Decrease in share holding</b>	<b>Reason</b>	<b>No of Shares</b>	<b>% of total shares of the company</b>
				22/11/2019	-5050	Sale	1974666	4.74
				06/12/2019	-1000	Sale	1973666	4.74
				10/01/2020	20000	Purchase	1993666	4.79
				24/01/2020	44104	Purchase	2037770	4.89
				07/02/2020	-2000	Sale	2035770	4.89
				14/02/2020	-15000	Sale	2020770	4.85
				28/02/2020	30000	Purchase	2050770	4.92
				06/03/2020	9972	Purchase	2060742	4.95
				30/03/2020			2060742	<b>4.95</b>
3	L & T MUTUAL FUND TRUSTEE LTD-L AND T INFRASTRUCTURE	1917209	4.60	30/03/2019			1917209	4.60
				10/05/2019	25000	Purchase	1942209	4.66
				07/06/2019	25000	Purchase	1967209	4.72
				21/06/2019	20500	Purchase	1987709	4.77
				28/06/2019	47780	Purchase	2035489	4.89
				16/08/2019	35000	Purchase	2070489	4.97
				23/08/2019	57600	Purchase	2128089	5.11
				04/10/2019	-25000	Sale	2103089	5.05
				11/10/2019	-13890	Sale	2089199	5.02
				01/11/2019	-50000	Sale	2039199	4.90
				20/12/2019	-27755	Sale	2011444	4.83
				10/01/2020	-68945	Sale	1942499	4.66
				17/01/2020	-100213	Sale	1842286	4.42
				06/03/2020	-27536	Sale	1814750	4.36
				27/03/2020	-44642	Sale	1770108	4.25
				31/03/2020			1770108	<b>4.25</b>
4	LIFE INSURANCE CORPORATION OF INDIA	1156380	2.78	30/03/2019			1156380	2.78
				31/03/2020			1156380	<b>2.78</b>
5	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA Ltd	143500	0.34	30/03/2019			143500	0.34
				17/05/2019	-40600	Sale	102900	0.25
				07/06/2019	-56000	Sale	46900	0.11
				14/06/2019	-46900	Sale	0	0.00
				21/06/2019	114800	Purchase	114800	0.28
				28/06/2019	-114800	Sale	0	0.00
				29/11/2019	90000	Purchase	90000	0.22
				06/12/2019	45000	Purchase	135000	0.32
				17/01/2020	300000	Purchase	435000	1.04
				17/01/2020	-67500	Sale	367500	0.88
				24/01/2020	50000	Purchase	417500	1.00
				14/02/2020	50000	Purchase	467500	1.12

Sl. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/Decrease in share holding	Reason	No of Shares	% of total shares of the company
				20/03/2020	100000	Purchase	567500	1.36
				27/03/2020	255932	Purchase	823432	1.98
				31/03/2020			823432	<b>1.98</b>
6	ABU DHABI INVESTMENT AUTHORITY - LGLINV	671000	1.61	30/03/2019			671000	1.61
				20/03/2019	- 62225	Sale	608775	1.46
				27/03/2019	- 269000	Sale	339775	0.82
				31/03/2020	- 224812	Sale	114963	0.28
				31/03/2020			114963	<b>0.28</b>
7	NATIONAL INSURANCE COMPANY LTD	493094	1.18	30/03/2019			493094	1.18
				31/03/2020			493094	<b>1.18</b>
8	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C	425000	1.02	30/03/2019			425000	1.02
				27/09/2019	107000	Purchase	532000	1.28
				30/09/2019	55000	Purchase	587000	1.41
				04/10/2019	65000	Purchase	652000	1.57
				29/11/2019	18276	Purchase	670276	1.61
				06/12/2019	261	Purchase	670537	1.61
				03/01/2020	21822	Purchase	692359	1.66
				17/01/2020	12019	Purchase	704378	1.69
				14/02/2020	-3954	Sale	700424	1.68
				06/03/2020	18610	Purchase	719034	1.73
				27/03/2020	20752	Purchase	739786	1.78
				27/03/2020	-1229	Sale	738557	1.77
				31/03/2020			738557	<b>1.77</b>
9	TATA AIA LIFE INSURANCE CO LTD- INFRASTRUCTURE FUND	404298	0.97	30/03/2019			404298	0.97
				27/09/2019	138892	Purchase	541390	1.30
				31/03/2020			541390	<b>1.30</b>
10	HDFC LIFE INSURANCE COMPANY LIMITED VALUE FUND	312738	0.75	30/03/2019			312738	0.75
				05/04/2019	20394	Purchase	333132	0.80
				26/04/2019	2298	Purchase	335430	0.81
				03/05/2019	5200	Purchase	340630	0.82
				24/05/2019	3157	Purchase	343787	0.83
				31/05/2019	1268	Purchase	345055	0.83
				07/06/2019	226	Purchase	345281	0.83
				14/06/2019	- 207	Sale	345074	0.83
				12/07/2019	13302	Purchase	358376	0.86
				19/07/2019	-10156	Sale	348220	0.84
				26/07/2019	-59877	Sale	288343	0.69



<b>Sl. No.</b>	<b>Name of the Share Holder</b>	<b>No of Shares</b>	<b>% of total shares of the company</b>	<b>Date</b>	<b>Increase/Decrease in share holding</b>	<b>Reason</b>	<b>No of Shares</b>	<b>% of total shares of the company</b>
				02/08/2019	- 21535	Sale	266808	0.64
				09/08/2019	5020	Purchase	271828	0.65
				23/08/2019	15444	Purchase	287272	0.69
				30/08/2019	10952	Purchase	298224	0.72
				06/09/2019	- 3399	Sale	294825	0.71
				13/09/2019	-17352	Sale	277473	0.67
				27/09/2019	- 8478	Sale	268995	0.65
				11/10/2019	- 576	Sale	268419	0.64
				01/11/2019	- 7235	Sale	266062	0.64
				15/11/2019	- 3785	Sale	262277	0.63
				22/11/2019	-10678	Sale	251599	0.60
				29/11/2019	- 6965	Sale	244634	0.59
				06/12/2019	- 5960	Sale	238674	0.57
				20/12/2019	- 1395	Sale	237279	0.57
				27/12/2019	10867	Purchase	248146	0.60
				31/12/2019	- 10	Sale	248136	0.60
				17/01/2020	- 1928	Sale	246208	0.59
				14/02/2020	- 389	Sale	245819	0.59
				21/02/2020	3549	Purchase	249368	0.60
				06/03/2020	71950	Purchase	257318	0.62
				20/03/2020	13052	Purchase	270370	0.65
				27/03/2020	6435	Purchase	276805	0.66
				31/03/2020			276805	<b>0.66</b>

**v) Shareholding of Directors and Key Managerial Personnel:**

<b>For Each of the Directors and KMP</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the company</b>	<b>No. of shares</b>	<b>% of total shares of the company</b>
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-			
At the End of the year	-	-	-	-

## V. INDEBTEDNESS

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

(₹ in Lakhs)

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Indebtedness (Borrowings) at the beginning of the financial year as on <b>01.04.2019</b>				
i) Principal Amount	39,750.89	445.02	-	40,195.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,017.67	-	-	1,017.67
<b>Total (i+ii+iii)</b>	<b>40,768.56</b>	<b>445.02</b>	<b>-</b>	<b>41,213.58</b>
Change in Indebtedness (Borrowings) during the financial year				
· Addition	-	-	-	-
· Reduction	(6,131.24)	(146.06)	-	(6,277.30)
<b>Net Change</b>	<b>(6,131.24)</b>	<b>(146.06)</b>	<b>-</b>	<b>(6,277.30)</b>
Indebtedness (Borrowings) at the end of the financial year <b>31.03.2020</b>				
i) Principal Amount	33,619.65	298.96	-	33,918.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,017.67	-	-	1,017.67
<b>Total (i+ii+iii)</b>	<b>34,637.32</b>	<b>298.96</b>	<b>-</b>	<b>34,936.28</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Whole-time Directors:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager Shri / Dr.							Total Amount
		Chairman & Managing Director/C EO D K Hota	Director (Defence) R H Muralidhara	Director (Finance) Suraj Prakash	Director (Rail & Metro) Suresh S Vastrad	Director (M&C) MV Rajasekhar	Director (HR) R Panneer Selvam	Director (M&C) B R Viswanatha	
1.	Gross salary (a) Salary as per provisions contained in section 17 (1) of the Income tax Act, 1961	61.78	58.34	39.98	42.41	39.16	22.20	23.68	287.54

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager Shri / Dr.							Total Amount
		Chairman & Managing Director/CEO D K Hota	Director (Defence) R H Muralidhara	Director (Finance) Suraj Prakash	Director (Rail & Metro) Suresh S Vastrad	Director (M&C) MV Rajasekhar	Director (HR) R Panneer Selvam	Director (M&C) B R Viswanatha	
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-	-
3.	Sweet Equity	-	-	-	-	-	-	-	-
4.	Commission - as% of profit - others, specify...	-	-	-	-	-	-	-	-
5.	Others-PF & Pension	6.89	5.81	4.86	4.71	4.35	1.78	1.41	29.82
	<b>Total(A)</b>	<b>68.67</b>	<b>64.15</b>	<b>44.84</b>	<b>47.12</b>	<b>43.51</b>	<b>23.98</b>	<b>25.09</b>	<b>317.36</b>
	Ceiling as per the Act	NA							

**B. Remuneration to other Directors:**

(₹ in Lakhs)

Particulars of Remuneration	Name of Directors Shri / Smt./Dr.						
	Independent Directors						
	Gurmohinder Singh	Arvind Kumar Arora	Balmuri Vanitha	Sudhir Kumar Beri	M G Raghuvver	B P Rao	Total
· Fee for attending Board/ Committee meetings · Commission · Others, please specify	3.00	2.10	0.20	2.20	1.20	2.20	10.90
<b>Total (1)</b>	<b>3.00</b>	<b>2.10</b>	<b>0.20</b>	<b>2.20</b>	<b>1.20</b>	<b>2.20</b>	<b>10.90</b>
Other Non-Executive Directors- Government Nominee Directors							
	Dr. Md. Nazmuddin						
· Fee for attending Board/ Committee meetings · Commission · Others, please specify	Nil						
<b>Total (2)</b>	Nil						
<b>Total(B) = (1+2)</b>	<b>10.90</b>						
<b>Total Managerial Remuneration [A+B]</b>	<b>328.26</b>						
Overall Ceiling as per the Act	Not Applicable						

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO/ CFO	Company Secretary	Total
			S V Ravisekhar Rao	
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) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Details given in Para VI A.	28.34	28.34
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as% of profit -others, specify...	-	-	-
5.	Others-PF & Pension	-	3.13	3.13
	<b>Total</b>	<b>-</b>	<b>31.47</b>	<b>31.47</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL**

For and on behalf of the Board of Directors

 Bengaluru  
 27.06.2020

 D K Hota  
 Chairman & Managing Director

## SIGNIFICANT ACCOUNTING POLICIES:

### Note no. 1: Corporate Information:

The accompanying financial statements comprise of the financial statements of BEML Limited (the Company) for the year ended 31 March 2020. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Bengaluru, Karnataka, India. The Company is a Mini Ratna Category – I public sector enterprise and is under the administrative control of the Department of Defence Production, Ministry of Defence. BEML manufactures and supplies defence ground support equipment such as Tatra based high mobility trucks, aircraft towing tractors etc. Under Mining and Construction business, the company manufactures and supplies equipment like bull dozers, excavators, dumpers, shovels, loaders and motor graders to various user segments and under Rail and Metro business, manufactures and supplies rail coaches, metro cars, ACEMUs, OHE cars, steel and aluminium wagons to the rail and metro sector. Information on other related party and nature of relationships of the Company is provided in Note 39C. These financial statements were authorised for issue in accordance with a resolution of the directors on 27-06-2020.

### Note no. 2: Significant accounting policies

#### **2.1. Basis of preparation and Statement of Compliance**

- a. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These financial statements for the year ended 31 March 2020 with comparatives of year ended 31 March 2019 are prepared in accordance with Ind AS.

- b. The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have

been measured at fair value:

- Derivative financial instruments,
  - Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
  - Defined benefit and other long-term employee benefits obligations.
- c. The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.
- d. Preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates.
- e. 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.
- f. The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively. A change in an accounting estimate that results in

changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors result in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

## 2.2 Summary of significant accounting policies

### A. Revenue Recognition:

Sales is exclusive of GST.

#### **Revenue from contracts with customers:**

Revenue is recognised, on the transfer of promised goods or services, by way of allocating transaction price, being amount of consideration which an entity expects/entitles in exchange for transferring promised goods or services to a customer, to the extent of performance obligation satisfied in a contract.

#### **i. Satisfaction of performance obligation over time**

a. Revenue is recognised overtime where the transfer of control of goods or services takes place over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:

- the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
- the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

b. Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

c. For measurement of satisfaction of performance obligation over time, input cost method is adopted.

#### **ii Satisfaction of performance obligation at a point in time**

a. In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.

b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:

- the company has transferred physical possession of the asset
- the customer has legal title to the asset
- the customer has accepted the asset
- when the company has a present right to payment for the asset
- the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco- terms of the contracts.

c. Bill and hold Sales

Bill and hold sales is recognised when all the following criteria are met:

- the reason for the bill and hold sales is substantive

- the product is identified separately as belonging to the customer
- the product is currently ready for physical transfer to the customer
- the company does not have the ability to use the product or to direct it to another customer

**Escalation:**

Escalation in prices are recognized as revenue as per the escalation formula provided in the contract. In the absence of such a clause in the contract, any claim for the same is recognized on acceptance by the customer.

**Duty Drawback:**

Duty drawback claims on exports are accounted on preferring the claims.

**Revenue from wind energy:**

Revenue from generation of electricity from wind mill is recognized when the electricity is supplied to industrial electricity distribution license holder as per the terms of agreement.

**Other Income**

**(i) Interest income:**

Interest Income is recognized using the effective interest rate (EIR) on a time proportion basis and as per the terms of the relevant instrument.

**(ii) Dividends:**

Dividend income is recognized when the Company's right to receive the payment is established.

**(iii) Rental income:**

Rental income arising from operating leases is accounted for on a straight-line basis over the non-cancellable lease term unless increases in rentals are in line with expected inflation.

**B. Investments in associates and joint venture**

The Company accounts for its interests in associates and joint ventures in the separate financial statements at cost.

**C. Foreign Currencies:**

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**D. Fair value measurement:**

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

**E. Discontinued operation:**

Classification of an operation as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

**F. Government Grants:**

Government Grants are recognized as follows when there is reasonable assurance that the grant will be received and all attached terms and conditions will be complied with.

- (i) Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred.
- (ii) Grant towards procurement of an asset is recognized as income in equal amounts over the expected useful life of the related asset.
- (iii) Grant towards non-monetary assets are recognized at fair value and released to Statement of profit and loss over the expected useful life.
- (iv) The subsidized portion of interest rate provided by the Government on loans or similar financial assistance is recognized as grant.

#### **G. Income Taxes:**

##### **Current income tax:**

Current tax assets and liabilities are measured at the amount to be recovered from or paid to the taxation authorities as per the applicable tax laws at the reporting date in Statement of profit and loss.

##### **Deferred tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

For the items directly recognized in Equity, the current and deferred tax pertaining to such item is recognized through Equity.

#### **H. Property, Plant & Equipment:**

Property, Plant and Equipment are stated at

cost, net of accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure on acquisition of asset, present value of expected cost for the decommissioning of an asset, cost of replacing part of Plant and Equipment and borrowing costs.

Depreciation is calculated on a straight line basis over estimated useful lives as prescribed in schedule II of the companies Act 2013. In respect of the following assets, useful lives are different than the useful lives indicated in Schedule II of Companies Act 2013, based on technical assessment and management estimates depending on the nature and usage of the respective assets.

- (a) Special tools up to the unit value of ₹5,000 are charged off in the year of incurrence and Special tools to the unit value above ₹5,000 are amortised over a period of 3 years.
- (b) Jigs and fixtures up to the unit value of ₹5 Lakhs are charged off in the year of incurrence and Jigs and fixtures of unit value above ₹5 Lakhs are amortised over a period of 3 years.

When parts of an item of property, plant and equipment have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

Any gain or loss arising out of derecognizing of an asset is included in statement of Profit and Loss of the relevant period.

Products given under No Cost No Commitment are capitalised appropriately under the relevant asset category and amortised over the useful life of that asset. They are also tested for impairment periodically.

Expenditure incurred on Developmental Projects for participating in trials, based on Request from customers, are carried forward till conclusion of the trials and will be



amortised over the orders to be received. In case customer order does not forthcoming or on discontinuation of project, the balance amount will be either capitalised if further economic benefit is expected from its use or will be charged off.

**I. Investment Property:**

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss if any. The fair value of the Investment property is disclosed in the notes.

**J. Intangible Assets:**

- (i) Intangible assets acquired are stated at acquisition cost, less accumulated amortization and accumulated impairment losses if any
- (ii) Research costs are expensed as incurred
- (iii) Development expenditure is recognized as Intangible assets and tested for impairment annually during the period of development
- (iv) Expenditure on development of products intended for sale is included in inventory.
- (v) Intangible Assets referred above includes the cost of materials, direct labour, overhead costs, borrowing costs that are directly attributable to the respective asset for its intended use.

**Amortization**

Intangible assets are amortized over useful economic life and assessed for impairment if any. Where it is not possible to assess the useful economic life of an intangible asset, the same is not amortized and reviewed annually for impairment if any.

**K. Borrowing Cost:**

Borrowing costs directly attributable to creation of an asset are capitalized as part of the cost of the asset. General borrowing costs

are capitalized by apportioning the same to qualifying assets.

**L. Lease:**

Contracts with third party, which give the company the right of use in respect of an identified Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.

A lease is classified at the inception date as a finance lease or an operating lease by lessor whereas lessee will follow the Single lease accounting (i.e. same as finance lease)..

**Company as a lessee:**

Lessee will recognize right-of-use asset and lease liability, for all leases, except short term lease and leases for which underlying asset is of low value.

Short term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not contain a purchase option.

**An underlying asset can be of low value only if:**

- (a) the lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee; and
- (b) The underlying asset is not highly dependent on, or highly interrelated with, other assets.

The initial value of lease liability shall be determined at the present value of the lease payments due. The interest rate implicit in the lease or lessee's incremental borrowing may be used to arrive at the present value of the lease payments due. The lease liability is subsequently measured by **increasing** the carrying amount to reflect interest on the lease liability and **reducing** the carrying amount to reflect the lease payments made.

Leases will be recognised where the value of new individual asset is more than Rs.2 Lakhs.

At the commencement date, the company as lessee measures the right of use asset at cost. The cost of "right of use" asset is determined at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of Plant, property and equipment schedule in the Balance Sheet.

Lessee would recognize depreciation expense on the right of use asset using the straight line method from the commencement date to the end of lease term or useful life of the asset, whichever is earlier.

**Company as a lessor:**

In case of an operating lease, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the leased asset. In case of finance leases, amounts due from lessees are recorded as receivables.

**M. Inventory:**

Inventories are valued at the lower of cost and net realizable value. Cost for the purpose of the above is accounted as under:

- (i) Raw materials, Components, Stores and Spare parts: weighted average cost
- (ii) Finished goods and Work in Progress: Cost of materials, labour and production overheads

Scrap is valued at estimated realizable value.

Based on ageing assessment, on a periodic basis an allowance is recognized for obsolete, non-moving inventory.

**N. Impairment of non-financial assets:**

The company assesses at each reporting date for impairment of asset or cash generating units (CGU). If on assessment, the asset or CGU is considered impaired they are written down to the recoverable amount.

**O. Employee Benefits:**

**Short-term employee benefits:**

Short-term employee benefits are expensed as the related service is rendered.

**Defined benefit plans:**

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by actuarial valuation conducted annually by a qualified actuary using the projected unit credit method.

Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is recognized in the statement of profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss.

**Other long-term employee benefits:**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

**Defined contribution plan:**

For defined contribution plans, the Company contributes to independently administered funds as per relevant scheme. These contributions are recorded in the statement of profit and loss. The Company's liability is limited to the extent of contributions made to these funds.

**P. Provisions:**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is

probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

**Warranty provisions:**

Provision for warranty related costs are recognized on sale of product or service rendered based on historical experience and technical assessment and reviewed annually.

**Onerous contracts:**

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

**Q. Financial Assets:**

**Recognition and measurement:**

All financial assets are recognized initially at fair value. Subsequently, financial assets are measured at fair value or amortized cost based on their classification.

**Embedded derivative:**

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. If the hybrid contains a host that is not an asset within the scope of Ind AS 109, the embedded derivative is separated and accounted at fair value.

**Derecognition:**

A financial asset or part of a financial asset is derecognized when the rights to receive cash flows from the asset have expired.

**Trade and other receivables:**

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

**Cash and cash equivalents:**

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

**Impairment of financial assets:**

In accordance with Ind-AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

**R. Financial Liabilities:**

**Recognition and measurement:**

Financial liabilities are classified, at initial recognition, at fair value through statement of profit and loss as loans, borrowings, payables, or derivatives, as appropriate.

Financial liabilities are measured based on their classification at fair value through statement of profit and loss, amortized cost or fair value through other comprehensive income.

**Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**Trade and other payables:**

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

**S. Financial Assets and Liabilities Reclassification:**

**Reclassification of financial Assets and Liabilities:**

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For other financial assets, a reclassification is made prospectively only if there is a change in the business model for managing those assets.

**Offsetting of financial Assets and Liabilities:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

**T. Earnings per share:**

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to

ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**U. Cash dividend and non-cash distribution to equity shareholders:**

The Company recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company.

**V. Events after the reporting period:**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

As per our report of even date attached  
For **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

For and on behalf of the Board of Directors

**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

Place: Bengaluru  
Date : 27.06.2020

**S V RAVI SEKHAR RAO**  
Company Secretary

# **STANDALONE FINANCIAL STATEMENT 2019-20**

## BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3	55,937.31	57,305.93
(b) Right of Use Asset	3a	874.59	-
(c) Capital work-in-progress	4	1,528.30	2,527.98
(d) Intangible assets	5	4,281.20	4,681.36
(e) Intangible assets under development	6	-	-
(f) Financial assets			
(i) Investments	7	257.64	257.64
(ii) Loans	8	9.96	9.06
(iii) Other financial assets	9	54.32	50.75
(g) Deferred tax assets (net)	10	20,799.68	11,748.23
(h) Other non-current assets	11	6,980.47	6,877.25
<b>Total non-current assets</b>		<b>90,723.46</b>	<b>83,458.20</b>
<b>(2) Current assets</b>			
(a) Inventories	12	2,00,271.88	1,70,227.13
(b) Financial Assets			
(i) Investments	13	-	-
(ii) Trade receivables	14	1,51,037.35	1,61,304.66
(iii) Contract Assets	14a	30,384.85	48,916.36
(iv) Cash and cash equivalents	15	2,734.15	2,236.96
(v) Bank Balance Other than (iv) above	15a	50.59	905.51
(vi) Loans	16	-	817.28
(vii) Other financial assets	17	607.23	640.91
(viii) Current tax assets (Net)	17a	7,152.98	7,559.10
(c) Other current assets	18	23,708.80	23,983.46
<b>Total current assets</b>		<b>4,15,947.83</b>	<b>4,16,591.37</b>
<b>Total Assets</b>		<b>5,06,671.29</b>	<b>5,00,049.57</b>
<b>II. Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	19	4,177.22	4,177.22
(b) Other Equity		2,21,537.92	2,14,547.45
<b>Total Equity</b>		<b>2,25,715.14</b>	<b>2,18,724.67</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	20,149.48	30,296.68
(ii) Other financial liabilities	21	41.60	41.60
(b) Provisions	22	18,634.91	17,571.38
(c) Other non-current liabilities	23	98,356.62	33,346.48
<b>Total non-current liabilities</b>		<b>1,37,182.62</b>	<b>81,256.14</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	3,619.65	9,750.89
(ii) Trade payables	25		
(A) Micro & Small Enterprises		2,972.02	2,550.17
(B) Other than Micro & Small Enterprises		63,153.92	73,658.90
(iii) Other financial liabilities	26	12,374.10	3,850.39
(b) Other current liabilities	27	40,591.34	75,754.87
(c) Provisions	28	21,062.49	30,544.86
(d) Current tax liabilities (Net)	29	-	3,958.68
<b>Total current liabilities</b>		<b>1,43,773.53</b>	<b>2,00,068.76</b>
<b>Total Equity and Liabilities</b>		<b>5,06,671.29</b>	<b>5,00,049.57</b>

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statements

As per our report of even date attached  
For **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774  
Place: Bengaluru  
Date : 27.06.2020

For and on behalf of the Board of Directors  
**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEKHAR RAO**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS**

(₹ in Lakhs)

Particulars	Note No	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>I</b> Revenue from operations	<b>30</b>	<b>3,02,881.74</b>	3,48,106.40
<b>II</b> Other income	<b>31</b>	<b>4,854.57</b>	2,311.32
<b>III Total Income (I+II)</b>		<b>3,07,736.31</b>	3,50,417.72
<b>IV Expenses:</b>			
Cost of materials consumed	<b>32</b>	<b>1,89,050.72</b>	1,97,061.50
Purchase of stock-in-trade	<b>33</b>	-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	<b>34</b>	<b>(29,194.47)</b>	1,422.50
Employee benefits expense	<b>35</b>	<b>84,386.62</b>	80,193.12
Finance costs	<b>36</b>	<b>4,050.18</b>	5,939.40
Depreciation and amortization expense	<b>3,5</b>	<b>7,129.92</b>	6,958.17
Other expenses	<b>37</b>	<b>49,906.98</b>	45,747.17
<b>Total Expenses (IV)</b>		<b>3,05,329.95</b>	3,37,321.86
<b>V</b> Profit / (Loss) before exceptional items and tax (III-IV)		<b>2,406.36</b>	13,095.86
<b>VI</b> Add/ (Less) : Exceptional items	<b>38</b>	-	-
<b>VII Profit / (Loss) before tax (V-VI)</b>		<b>2,406.36</b>	13,095.86
<b>VIII Tax expense:</b>			
(1) Current tax	<b>10 a</b>	-	4,668.04
(2) MAT credit entitlement	<b>10 a</b>	-	-
(3) Deferred tax	<b>10 a</b>	<b>(4,431.99)</b>	2,079.21
<b>IX</b> Profit / (Loss) for the year from continuing operations (VII-VIII)		<b>6,838.34</b>	6,348.61
<b>X</b> Profit / (Loss) from discontinuing operations		-	-
<b>XI</b> Tax expense of discontinued operations		-	-
<b>XII</b> Profit / (Loss) from discontinued operations (after tax) (X-XI)		-	-
<b>XIII Profit / (Loss) for the year (IX+XII)</b>		<b>6,838.34</b>	6,348.61
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit (liability) / asset		<b>(4,901.56)</b>	(2,029.97)
(ii) Income tax relating to items that will not be reclassified to profit or loss	<b>10 b</b>	<b>543.70</b>	709.35
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>XV Total Comprehensive Income for the year (XIII+XIV)</b>		<b>2,480.48</b>	5,027.99
<b>XVI</b> Earnings per equity share: (₹10/- each) in ₹			
Basic and diluted	<b>39(A)</b>	<b>16.42</b>	15.24

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statements

As per our report of even date attached  
For **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S  
**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774  
Place: Bengaluru  
Date : 27.06.2020

For and on behalf of the Board of Directors

<b>SURAJ PRAKASH</b> Director (Finance) (DIN 08124871)	<b>D K HOTA</b> Chairman & Managing Director (DIN 06600812)
<b>S V RAVI SEKHAR RAO</b> Company Secretary	

## STATEMENT OF CASH FLOWS

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020		For the Year ended 31st March 2019	
	Sub items	Main items	Sub items	Main items
<b>A. Cash flow from operating activities</b>				
Net profit before tax and extraordinary items		<b>2,406.36</b>		13,095.86
<i>Adjustments for</i>				
Depreciation and amortization expense	<b>7,129.92</b>		6,958.17	
(Gain)/loss on disposal of property, plant and equipment	<b>(23.32)</b>		(5.43)	
Foreign exchange loss / (gain)	<b>(64.94)</b>		44.07	
Allowance for obsolescence			817.90	
Bad debts written off	-		-	
Financing Cost	<b>4,050.18</b>		5,939.40	
Interest income	<b>(82.85)</b>		(193.73)	
Dividend received from subsidiaries	-		(13.47)	
Other Provisions / Allowances	<b>(14,797.41)</b>	<b>(3,788.42)</b>	(4,981.40)	8,565.51
<b>Operating Profit / (Loss) before changes in working capital</b>		<b>(1,382.06)</b>		21,661.37
<i>Adjustment for</i>				
Inventories	<b>(32,076.84)</b>		7,402.07	
Trade & other receivables	<b>26,862.06</b>		(41,070.10)	
Other current assets	<b>(8,617.14)</b>		2,156.24	
Trade payables	<b>(10,018.29)</b>		22,657.52	
Other payables	<b>28,369.19</b>	<b>4,518.98</b>	15,339.75	6,485.48
<b>Cash generated from operations</b>		<b>3,136.93</b>		28,146.85
Direct taxes (paid) / refunded		<b>7,306.51</b>		(2,474.53)
<b>Net cash flow from / (used in) operating activities</b>		<b>10,443.44</b>		25,672.32
<b>B. Cash flow from investing activities</b>				
Purchase of property, plant and equipment	<b>(5,214.95)</b>		(6,007.50)	
Purchase of intangible assets	<b>(500.22)</b>		(408.70)	
Sale of property, plant and equipment	<b>502.45</b>		35.71	
Sale of intangible assets				
Investments in subsidiaries	<b>146.19</b>		39.36	
Interest Received	<b>82.85</b>		193.73	
Dividends from subsidiaries	-		13.47	
<b>Net cash flow from / (used in) investing activities</b>		<b>(4,983.68)</b>		(6,133.93)
<b>C. Cash flow from financing activities</b>				
Proceeds/(Repayments) from/to ECB & long-term borrowings	-		-	
Proceeds from short-term borrowings				
Proceeds from Unsecured Loans				
Proceeds/(Repayments) from/to Bonds	-		-	
Proceeds/(Repayments) from/to Unsecured loans	-		-	
Proceeds/(Repayments) of Inter corporate loans	-		-	
Proceeds/(Repayments) of Soft loan	<b>(146.06)</b>		(609.71)	
Financing Cost	<b>(4,050.19)</b>		(5,941.82)	
Adjustment in retained earnings	<b>7,020.23</b>		(54.08)	
Dividend & Tax paid for equity shares	<b>(2,510.24)</b>		(6,272.94)	
<b>Net cash flow from / (used in) financing activities</b>		<b>313.74</b>		(12,878.55)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,773.51</b>		6,659.84
<b>Cash and Cash Equivalents, Beginning of the year</b>		<b>(6,608.42)</b>		(13,268.26)
<b>Cash and Cash Equivalents, Ending of the year (Refer Note 15 d)</b>		<b>(834.92)</b>		(6,608.42)

For and on behalf of the Board of Directors

For **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774  
Place: Bengaluru  
Date : 27.06.2020

**S V RAVI SEKHAR RAO**  
Company Secretary



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2020

### A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares	Amount
Balance as on 01.04.2019	416,44,500	4,164.45
Changes in equity share capital during the year	-	-
<b>Balance as on 31.03.2020</b>	<b>416,44,500</b>	<b>4,164.45</b>

### B. Other equity

(₹ in Lakhs)

Particulars	Capital Reserve	Reserves and Surplus			Items of OCI	Nonimara Excellence Award Reserve	Debenture Redemption Reserve	Total Equity
		Share Premium	General Reserve	Retained Earnings	Other items of OCI			
<b>Balance as on 01.04.2019</b>	<b>105.66</b>	<b>61,204.07</b>	<b>1,19,033.62</b>	<b>37,329.98</b>	<b>(10,627.32)</b>	<b>1.44</b>	<b>7,500.00</b>	<b>2,14,547.45</b>
Reinstatement Adjustment on account of prior period	-	-	-	7,020.23	-	-	-	<b>7,020.23</b>
<b>Reinstated Balance as on 01.04.2019</b>	<b>105.66</b>	<b>61,204.07</b>	<b>1,19,033.62</b>	<b>44,350.21</b>	<b>(10,627.32)</b>	<b>1.44</b>	<b>7,500.00</b>	<b>2,21,567.68</b>
Profit / (Loss) for the year	-	-	-	6,838.34	-	-	-	<b>6,838.34</b>
Other Comprehensive Income for the year	-	-	-	-	(4,357.86)	-	-	<b>(4,357.86)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,838.34</b>	<b>(4,357.86)</b>	<b>-</b>	<b>-</b>	<b>2,480.48</b>
Transfer to								
- Debenture Redemption Reserve	-	-	-	-	-	-	-	-
Transaction with owners								
- Dividend	-	-	-	(2,082.24)	-	-	-	<b>(2,082.24)</b>
- Tax on Dividend	-	-	-	(428.00)	-	-	-	<b>(428.00)</b>
<b>Balance as on 31.03.2020</b>	<b>105.66</b>	<b>61,204.07</b>	<b>1,19,033.62</b>	<b>48,678.32</b>	<b>(14,985.18)</b>	<b>1.44</b>	<b>7,500.00</b>	<b>2,21,537.92</b>

As per our report of even date attached  
For **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

For and on behalf of the Board of Directors

**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEKHAR RAO**  
Company Secretary

Place: Bengaluru  
Date : 27.06.2020

## Notes forming part of Financial Statements

### Note 3: Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross carrying value					Accumulated depreciation and impairment					Net Carrying value	
	As at 01.04.2019	Additions during the year	Deduction / Re-classification & Adjustments during the year	Inter division Transfers	As at 31.03.2020	As at 01.04.2019	For the Year	Deduction / Re-classification & Adjustments during the year	Inter division Transfers	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Land												
Free Hold	1,285.69	-	-	-	1,285.69	0.01	-	-	-	0.01	1,285.68	1,285.68
Lease Hold	8,039.15	-	-	-	8,039.15	129.41	32.32	(1.18)	-	160.55	7,878.60	7,909.74
Buildings	15,444.53	97.57	0.03	-	15,542.13	2,760.97	584.38	1.04	-	3,346.39	12,195.74	12,683.56
Plant and Equipment	39,178.55	2,980.87	(236.33)	0.13	41,923.22	10,319.21	3,493.34	(43.15)	0.12	13,769.52	28,153.70	28,859.34
Furniture and Fixtures	632.03	38.95	(0.49)	-	670.49	343.89	63.67	(7.38)	-	400.18	270.31	288.14
Vehicles												
Given on Lease	466.75	104.56	(39.04)	-	532.27	110.59	74.07	(30.08)	-	154.58	377.69	356.16
Own Use	1,505.72	632.86	(368.57)	-	1,770.01	357.73	224.95	(76.72)	-	505.96	1,264.05	1,147.99
Office Equipment	449.79	51.10	(0.13)	(0.13)	500.63	200.28	64.96	0.54	(0.12)	265.66	234.97	249.51
Roads and Drains	1,643.98	153.99	(0.56)	-	1,797.41	1,138.72	258.88	-	-	1,397.60	399.81	505.26
Water Supply Installations	275.67	-	-	-	275.67	56.21	20.66	-	-	76.87	198.80	219.46
Railway sidings	886.40	-	-	-	886.40	375.56	87.71	-	-	463.27	423.13	510.84
Electrical Installation	2,342.14	96.37	-	-	2,438.51	902.45	268.07	-	-	1,170.52	1,267.99	1,439.68
Jigs and Fixtures	2,386.99	93.27	-	-	2,480.26	1,735.92	464.26	-	-	2,200.18	280.08	651.07
Special Tools	1,766.31	291.39	9.29	-	2,066.99	1,057.34	292.95	0.02	-	1,350.31	716.68	708.97
Computers and Data processing units	1,489.23	689.31	(24.54)	-	2,154.00	998.70	189.52	(24.30)	-	1,163.92	990.08	490.53
<b>Total</b>	<b>77,792.93</b>	<b>5,230.24</b>	<b>(660.34)</b>	<b>0.00</b>	<b>82,362.83</b>	<b>20,486.99</b>	<b>6,119.74</b>	<b>(181.21)</b>	<b>0.00</b>	<b>26,425.52</b>	<b>55,937.31</b>	<b>57,305.93</b>
Previous Year	67,898.44	10,281.79	(387.30)	-	77,792.93	14,814.58	6,027.09	(357.26)	2.59	20,487.00	57,305.93	53,083.86

### Note 3a: Right of Use Assets

(₹ in Lakhs)

Particulars	Gross carrying value					Accumulated depreciation and impairment					Net Carrying value	
	As at 01.04.2019	Additions during the year	Deduction / Re-classification & Adjustments during the year	Inter division Transfers	As at 31.03.2020	As at 01.04.2019	For the Year	Deduction / Re-classification & Adjustments during the year	Inter division Transfers	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
ROU Assets												
Buildings	-	984.39	-	-	984.39	-	109.80	-	-	109.80	874.59	-
<b>Total Right of use Assets</b>	<b>-</b>	<b>984.39</b>	<b>-</b>	<b>-</b>	<b>984.39</b>	<b>-</b>	<b>109.80</b>	<b>-</b>	<b>-</b>	<b>109.80</b>	<b>874.59</b>	<b>-</b>
Previous Year												

**A.** Carrying value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹1355.04 Lakhs (Previous Year - ₹1110.51 Lakhs).

**B. Property, Plant and Equipment**

- i) Buildings include carrying value of building at Mumbai and Ranchi pending registration / katha transfer at ₹15.34 Lakhs (Previous Year - ₹15.86 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 Other non-current assets (Note no.11)). 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 [carrying value - ₹903.83 Lakhs (Previous Year - ₹948.61 lakhs)] on Buildings included in Property, Plant and Equipment 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 560 acres at Mysore costing ₹307.58 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 ₹566.48 Lakhs (Previous Year - ₹554.00 Lakhs) up to period 31st March 2020 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB Board.
- 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.
- x) The company has initiated legal action to obtain possession of 1.88 acres of Land out of 5 acres at Tatisilwai, Arra village, Ranchi.
- xi) For details of property, plant and equipment hypothecated by way of a first charge against borrowings and other facilities availed, refer Note no. 20 and 24
- xii) For information on estimated capital contracts

pertaining to the acquisition of property, plant and equipment, refer Note no. 39 D II a.

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

- Plant & Machinery ₹NIL Lakhs

D. Since there is no investment property in the Company as on 31.03.2020, fair value of investment property is Nil (Previous Year - Nil)

#### Note 4: Capital work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Building	364.45	218.54
Equipment under inspection and in transit	-	17.64
Machinery	995.04	2,123.00
Others	168.80	168.80
<b>Total</b>	<b>1,528.30</b>	<b>2,527.98</b>

#### Note 5: Intangible assets

(₹ in Lakhs)

Particulars	Gross carrying value					Accumulated depreciation and impairment					Net Carrying value	
	As at 01.04.2019	Additions during the year	Deduction / Re-classification & Adjustments during the year	Inter division Transfers	As at 31.03.2020	As at 01.04.2019	For the Year	Deduction / Re-classification & Adjustments during the year	Inter division Transfers	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Computer software	2,344.44	500.22	-	-	2,844.66	1,082.17	436.52	-	-	1,518.69	1,325.97	1,262.27
Technical Know how	5,755.91	-	-	-	5,755.91	2,343.83	463.86	-	-	2,807.69	2,948.22	3,412.08
TDR against Land	7.01	-	-	-	7.01	-	-	-	-	-	7.01	7.01
<b>Total</b>	<b>8,107.36</b>	<b>500.22</b>	<b>-</b>	<b>-</b>	<b>8,607.58</b>	<b>3,426.00</b>	<b>900.38</b>	<b>-</b>	<b>-</b>	<b>4,326.38</b>	<b>4,281.20</b>	<b>4,681.36</b>
Previous Year	7,698.66	408.70	-	-	8,107.36	2,497.27	931.08	0.24	(2.59)	3,426.00	4,681.36	5,201.39

#### Note 6: Intangible assets under development (internally generated)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 7: Non-current Investments**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Investments in equity instruments - unquoted at cost</b>		
<b>In Equity Shares of Subsidiary Companies:</b>		
In Vignyan Industries Limited, 2,69,376 fully paid up Equity Shares of ₹100 each	<b>252.60</b>	252.60
In MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of ₹10 each [refer Note no. 11(a)]	<b>5.00</b>	5.00
	<b>257.60</b>	257.60
<b>In Equity Shares of Joint Venture Company:</b>		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each	<b>542.25</b>	542.25
Less: Allowance for impairment of investment	<b>(542.25)</b>	(542.25)
	-	-
<b>Investment in Ordinary Shares of Co-operative Societies - unquoted at cost</b>		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	<b>0.03</b>	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	<b>0.01</b>	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	-	-
	<b>0.04</b>	0.04
<b>Total - unquoted at cost</b>	<b>257.64</b>	257.64

**Ind AS 28 (Investments in Associates and Joint Ventures)**

Names of Joint Ventures	Nature	% holding	Country of Incorporation
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

a. BEML along with Midwest Granite Private Limited formed a joint venture company in 2007 to conduct excavation and extraction of mineral resources. The agreement was signed in September 2005 whereby BEML has a 45% share in the operations of the joint venture and the remaining 55% is held by Midwest Granite Private Limited.

b. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2020 due to litigation pending before National Company Law Tribunal. Hence, disclosure requirements under Ind AS-28 (Investments in Associates and Joint Ventures) could not be complied with. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.

c. 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.

The movement in the allowance for impairment of investment is as follows:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Balance at the beginning of the year	542.25	542.25
Impairment losses recognised	-	-
Written off during the year	-	-
Credited to profit or loss	-	-
Transfers to allowance for doubtful claims (note 18)	-	-
Balance at the end of the year	542.25	542.25

#### Note 8: Non-Current - Loans

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, considered good</b>		
Lease Deposits	9.96	9.06
Inter Corporate Loan	-	-
<b>Total</b>	<b>9.96</b>	9.06

Lease deposits represent deposits paid as security for office space and flats taken on rent.

#### Note 9: Non-current - Other financial assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposit with Customers	-	-
Deposit with service providers	54.32	50.75
<b>Total</b>	<b>54.32</b>	50.75

**Note 10: Deferred tax assets (net)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Deferred Tax Liabilities (DTL)</b>		
Property, plant and equipment	<b>4,030.31</b>	6,491.65
<b>Total DTL (A)</b>	<b>4,030.31</b>	6,491.65
<b>Deferred Tax Assets (DTA)</b>		
Timing differences under the Income Tax Act,1961	<b>24,829.99</b>	18,239.88
<b>Total DTA (B)</b>	<b>24,829.99</b>	18,239.88
<b>Net Total (B-A)</b>	<b>20,799.68</b>	11,748.23

**Note 10: Income taxes**

The substantively enacted tax rate as on 31 March 2020 is 34.94% and as on 31 March 2019 was 34.94% for deferred tax purposes.

**a) Amount recognised in profit or loss**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Current tax expense:</b>		
Current tax / Minimum alternate tax (MAT)	-	4,668.04
MAT credit entitlement	-	-
Adjustment of tax related to earlier years	-	-
	-	4,668.04
<b>Deferred tax (income)/expense:</b>		
Origination and reversal of temporary differences	<b>(4,431.99)</b>	2,079.21
<b>Total deferred tax (income)/expense</b>	<b>(4,431.99)</b>	2,079.21
<b>Tax expenses</b>	<b>(4,431.99)</b>	6,747.25

**b) Amount recognised in OCI**

(₹ in Lakhs)

Particulars	31 March 2020			31 March 2019		
	Before Tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	<b>(4,901.56)</b>	<b>543.70</b>	<b>(4,357.86)</b>	(2,029.97)	709.35	(1,320.62)
<b>Total</b>	<b>(4,901.56)</b>	<b>543.70</b>	<b>(4,357.86)</b>	(2,029.97)	709.35	(1,320.62)

**c) Reconciliation of effective income tax rate**

(₹ in Lakhs)

Particulars	31 March 2020		31 March 2019	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		<b>2,406.36</b>		13,095.86
Tax using the company's domestic tax rate (Income tax)	<b>34.94%</b>	<b>840.88</b>	34.94%	4,576.22
<b>Tax effect of:</b>				
Carry Forward Loss	<b>0.00%</b>	-	0.00%	-
Weighted Deduction for R and D Expenditure	<b>-88.47%</b>	<b>(2,128.97)</b>	-51.30%	(6,718.07)
Non deductible expenses	<b>53.53%</b>	<b>1,288.09</b>	16.36%	2,141.85
Minimum Alternate Tax	<b>0.00%</b>	-	35.65%	4,668.04
Tax incentive	<b>0.00%</b>	-		
Deferred tax	<b>-184.18%</b>	<b>(4,431.99)</b>	15.88%	2,079.21
<b>Total income tax expense for the year</b>	<b>-184.18%</b>	<b>(4,431.99)</b>	51.52%	6,747.25

**d) Movement in deferred tax balances**

(₹ in Lakhs)

Particulars	As on 1st April 2018	Recognised in profit or loss during 2018-19	As at 31st March 2019	Recognised in profit or loss during 2019-20	As at 31st March 2020
Property, plant and equipment	(6,103.85)	(387.80)	(6,491.65)	2,461.34	(4,030.31)
Allowance for doubtful trade receivables	7,403.31	593.91	7,997.22	3,264.46	11,261.68
Provision for Property Tax	123.73	1.20	124.93	-	124.93
Provision for Gratuity	3,829.72	(2,479.31)	1,350.41	(1,350.41)	-
Provision for Leave Salary	5,189.06	54.24	5,243.30	119.85	5,363.15
Provision for Performance Related Pay	72.68	149.21	221.89	(221.89)	-
Provision for Contributory medical Scheme	1,925.92	(55.95)	1,869.97	97.09	1,967.06
Provision for Pension	431.81	35.78	467.59	(467.59)	-
Provision for wage revision	943.46	9.16	952.62	(952.62)	-
Provision for pending legal cases	11.61	0.33	11.94	(7.82)	4.12
Provision for Direct Expenditure	-	-	-	253.63	253.63
DTA related to Carry forward	-	-	-	1,235.95	1,235.95
Loss FY 2019-20					
MAT Credit related to prior period	-	-	-	4,075.77	4,075.77
DTA related to Provision for Gratuity & Contributory	-	-	-	543.70	543.70
Medical Scheme (OCI)					
<b>Net deferred tax assets / (liabilities)</b>	<b>13,827.45</b>	<b>(2,079.23)</b>	<b>11,748.22</b>	<b>9,051.46</b>	<b>20,799.68</b>



**e) Unrecognised deferred tax assets**

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31 March 2020		31 March 2019	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised	-	-	-	-
Tax losses	-	-	-	-
	-	-	-	-

**f) Tax losses carried forward**

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	31 March 2020	Expiry date	31 March 2019	Expiry date
<b>Expire</b>				
Carry forward business loss	<b>(3,536.96)</b>	<b>31.03.2028</b>	-	-
Carry forward business loss	-	-	-	-
<b>Never expire</b>				
Unabsorbed depreciation	-	-	-	-
	<b>(3,536.96)</b>	-	-	-

**A) Implementation of Appendix C to IND AS-12 Income Taxes**

The Ministry of Corporate Affairs (MCA), Govt. of India vide notification dated 30.03.2019 has introduced Appendix C to Ind AS 12 i.e. Uncertainty over Income Tax Treatment w.e.f 01.04.2019 which calls for recognition and measurement of Tax expenses, Tax Liabilities/Assets when there is any uncertainty over Income Tax Treatment. The Company has assessed the effect of the above Appendix C to Ind AS-12 and determined that there is no impact of the same on the accounts of FY 2019-20.

**B) Adoption of Income Tax Rates**

The Ministry of Law & Justice, Govt. of India

vide Gazette notification dated 20.09.2019 introduced section 115BAA with an option to choose revised Tax structure applicable w.e.f 01.04.2019 to Domestic Companies without claiming specific deductions u/s 35(2AB), deduction under Chapter-VIA, MAT Credit benefits, Carry Forward Business Losses, Additional Depreciation u/s 32(1)(iia) and other deductions as specified in the said section.

Based on the internal assessment, the Company has decided not to adopt the option u/s 115BAA. However, the same will be reviewed before filing the Annual Tax Return for FY 2019-20.

**C) Disclosure under Ind AS-8 , for adjustment of prior period items**

### 1. Nature of the Prior Period Item:

There was a mistake in Computation of Total Taxable Income and Deferred Tax Assets/ Liabilities while calculating Tax Liability in the Books of accounts in FY 2016-17, 2017-18 and 2018-19 which were mainly on account of add back of OCI amounts in Gratuity and

PRMS and not claiming full deductions for other expenses like provision for PRP, Provision for Wage Revision etc. This led to computation of higher tax liabilities with consequential impact of payment of extra Taxes in these years as well as excess utilization of MAT Credit.

### 2. Amount Of correction :

(₹ in Lakhs)

Financial Year	Deferred Tax Assets (for MAT credit) (1)	Current Tax Assets (for Refund Due) (2)	Retained Earnings (3=1+2)
Upto 2016-17	3231	(91)	3140
2017-18	494	1405	1899
2018-19	351	1631	1982
<b>TOTAL</b>	<b>4076</b>	<b>2945</b>	<b>7021</b>

3. Such mistakes have been adjusted to the opening Balance of Retained Earnings as of 01.04.2019.

4. The impact of the said error have been carried out by adjustment to Retained Earnings as of 01.04.2019.

### Note 11: Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Advances	<b>150.80</b>	263.93
Less: Allowance for doubtful Capital Advances	<b>(21.55)</b>	(21.55)
Advances to Related Parties - MAMC [refer Note no.39 (C)(ii)]	<b>602.80</b>	602.39
Advance MAMC consortium [see note (a) below]	<b>6,053.89</b>	5,851.03
Employee Advance	<b>108.81</b>	92.74
Prepayments	<b>75.61</b>	78.60
Gold coins on Hand	<b>10.11</b>	10.11
<b>Total</b>	<b>6,980.47</b>	6,877.25
<b>Due by officers of the company</b>	<b>6.83</b>	8.66

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 ₹1253.89 Lakhs (Previous Year - ₹1051.03 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 ₹6053.89 Lakhs (Previous Year - ₹5851.03 Lakhs) is disclosed as 'Advance to MAMC consortium', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders'

agreement from MOD is being pursued.

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 ₹602.80 Lakhs (Previous Year - ₹602.39 Lakhs) on account of MIL, which is included under the head 'Advances to related parties'.

**Note 12: Inventories (Lower of cost and Net realisable value)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Raw materials & Components	<b>54,552.86</b>	53,632.93
Less: Allowance for obsolescence - Raw Material	<b>(1,659.91)</b>	(1,189.75)
Raw materials & Components in Transit	<b>1,246.14</b>	2,559.91
Stores and Spares	<b>1,850.51</b>	1,928.35
Work-in-Progress	<b>87,423.69</b>	70,142.11
Less: Allowance for obsolescence - WIP	<b>(923.60)</b>	(778.50)
Finished Goods	<b>28,549.78</b>	15,447.02
Less: Allowance for obsolescence - Finished Goods	<b>(1,939.57)</b>	(977.02)
Finished Goods in Transit	-	585.96
Stock of Spares	<b>32,470.17</b>	30,069.60
Less: Allowance for obsolescence - Stock of Spares	<b>(3,854.19)</b>	(4,414.02)
Less: Allowance for shortages - Stock of Spares	<b>(1,014.12)</b>	-
Stock of Spares in Transit	<b>97.59</b>	239.25
Hand tools	<b>2,288.90</b>	2,322.27
Scrap	<b>1,183.62</b>	659.02
<b>Total</b>	<b>2,00,271.88</b>	1,70,227.13

- a. Raw materials & Components include materials lying with sub contractors ₹2194.19 Lakhs (Previous Year - ₹2184.98 Lakhs). Of these, confirmation from the parties is awaited for ₹331.85 lakhs (Previous Year - ₹880.15 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. Allowance towards obsolescence is made as per the Board approved provisioning norms and is based on ageing of inventory.

### Note 13: Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>In Quotas of Foreign Subsidiary - unquoted at cost</b>		
Investments in Quotas in BEML Brazil Industrial Ltda., 99.98% of the quotas held by BEML and balance held by the nominees of BEML.	-	185.55
Less: Allowance for impairment of investment	-	(146.19)
Capital Repatriated	-	(39.36)
<b>Total</b>	-	-

BEML Brazil Industrial Ltda (BBIL), an Associate, was formed under the requirements of the governing laws of Brazil. As there was no operation in BBIL, capital repatriation has been completed and the amount has been repatriated from BBIL Account to Account of BEML India. Cancellation of company registration number has been completed and closure certificate was issued by Brazilian Authorities in May, 2019. Further, BEML Limited has written to RBI through authorized dealer SBI, Overseas Branch, Bangalore for closure of Unique Identification Number (UIN) issued in respect of BBIL.

The movement in the allowance for impairment is as follows:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Balance at the beginning of the year	<b>146.19</b>	141.87
Impairment losses recognised	-	4.32
Written off during the year	<b>(146.19)</b>	-
Credited to profit or loss	-	-
Transfers	-	-
Balance at the end of the year	-	146.19

### Note 14: Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, considered good</b>		
Outstanding for period exceeding six months *	<b>34,658.48</b>	58,274.46
Others	<b>1,16,378.88</b>	1,03,030.20
<b>Unsecured, considered doubtful</b>		
Outstanding for period exceeding six months	<b>22,509.24</b>	19,003.07
Allowance for bad and doubtful trade receivables	<b>(22,509.24)</b>	(19,003.07)
<b>Total</b>	<b>1,51,037.35</b>	1,61,304.66

\* Trade receivables - Outstanding for period exceeding six months include ₹9507.47 Lakhs (Previous Year ₹9507.47 Lakhs) towards PMS Bridge contract, in respect of the following :

- i) amount outstanding 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 ₹4929.12 Lakhs and
- ii) Dollies supplied to MoD ₹4578.35 Lakhs.
- iii) This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation. Since BEML's claim for exchange rate variation for part of the supply was in EURO, the customer insisted for contract amendment in this regard. The company has received the requisite amendment to the contract in this regard from MOD towards acceptance of BEML's claim on account of exchange rate variation in Euro . Accordingly claims have been lodged which are under process.
- iv) In respect of Dollies, all the Dollies (66 no's) have been supplied to the customer.

The movement in the allowance for bad and doubtful trade receivables is as follows:

	(₹ in Lakhs)	
Particulars	2019-20	2018-19
Balance at the beginning of the year	<b>19,003.07</b>	16,699.33
Impairment losses recognised	<b>4,332.34</b>	2,618.37
Written off during the year	<b>(682.56)</b>	(314.63)
Credited to profit or loss	<b>(143.61)</b>	-
Transfers to allowance for doubtful claims (note 18)	-	-
Balance at the end of the year	<b>22,509.24</b>	19,003.07

**Note 14a: Contract Assets**

	(₹ in Lakhs)	
Particulars	As at 31st March 2020	As at 31st March 2019
Rail & Metro	<b>30,384.85</b>	48,857.05
Mining & Construction	-	59.31
Defence	-	-
<b>Total</b>	<b>30,384.85</b>	48,916.36

**Note 15: Cash and cash equivalents**

	(₹ in Lakhs)	
Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks	<b>2,734.15</b>	2,236.96
<b>Total</b>	<b>2,734.15</b>	2,236.96

**Note 15a: Bank Balance Other than (Note 15) above**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks - Unclaimed Dividend	50.59	905.51
Cheques, drafts on hand	-	-
Cash on hand	-	-
<b>Total</b>	<b>50.59</b>	<b>905.51</b>

- The Company earns no interest on balances with banks in current accounts.
- Balances with banks include the following on which there were restrictions placed on use and / or held on behalf of third parties:
 

ESCROW account balance to be distributed among consortium members ₹2666.43 Lakhs (Previous Year - ₹2169.02 Lakhs)
- Out of the Cash Credit Limit of ₹120000 Lakhs sanctioned to the company by Consortium Bankers, the amount drawn by the company as on 31st March 2020 is ₹3619.65 Lakhs (Previous Year ₹9750.89 Lakhs)
- For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks	2,734.15	2,236.96
Balances with Banks - Unclaimed Dividend	50.59	905.51
Cheques, drafts on hand	-	-
Cash on hand	-	-
Less: Bank overdraft/Cash credit facility	(3,619.65)	(9,750.89)
<b>Total</b>	<b>(834.92)</b>	<b>(6,608.42)</b>

For an understanding of the Company's cash management policies, refer Note no.39 L (ii) on liquidity risk.

**Note 16: Current Loans**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, considered good</b>		
Lease Deposits	-	-
Inter Corporate Loan	-	817.28
<b>Total</b>	<b>-</b>	<b>817.28</b>

**Note 17: Current - Other financial assets**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposit with Customers	<b>107.39</b>	107.39
Earnest Money Deposit	<b>89.33</b>	89.33
Deposit with service providers	<b>410.52</b>	444.19
Interest accrued on bank deposits	-	-
<b>Total</b>	<b>607.23</b>	640.91

For an understanding of the Company's derivative transactions, refer Note no. 39N on derivatives.

**Note 17a: Current tax assets (Net)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Income Tax	<b>200.00</b>	3,400.00
Income Tax Refund	<b>6,489.51</b>	2,482.52
Tax Deducted at Source	<b>463.47</b>	1,676.58
<b>Total</b>	<b>7,152.98</b>	7,559.10

**Note 18: Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advances to Related Parties	<b>384.10</b>	135.48
Balances with Public Utility concerns	<b>617.45</b>	600.28
Less: Allowance for doubtful Balances with Public Utility concerns	<b>(165.39)</b>	(165.39)
Balances with Govt. departments for Customs Duty, Excise Duty, GST etc.,	<b>1,133.94</b>	53.49
Advance to Vendors	<b>12,692.54</b>	9,781.24
Less: Allowance for doubtful advances to Vendors	<b>(3,868.39)</b>	(3,882.76)
Employee Advance	<b>294.20</b>	283.47
Duties and Taxes	<b>3,121.42</b>	3,081.91
Indirect Taxes -GST	<b>2,280.20</b>	5,849.12
Prepayments	<b>1,642.13</b>	1,517.45
Claims receivable	<b>10,745.57</b>	11,885.57
Less: Allowance for doubtful claims	<b>(5,684.77)</b>	(5,527.15)
GST on stock transfers	<b>515.81</b>	370.75
<b>Total</b>	<b>23,708.80</b>	23,983.46
<b>Due by Officers of the Company</b>	<b>31.35</b>	26.53

- i. Claims receivable includes claims lodged pending under reconciliation amounting to ₹2610.74 Lakhs (Previous Year - ₹2610.74 Lakhs).
- ii. For claims outstanding from Railway board, an Inter-Ministerial Committee has been formed by MoD to resolve the issues.

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

#### Note 19: Equity share capital

(₹ in Lakhs)

Particulars	31 March 2020		31 March 2019	
	Rate	Amount	Rate	Amount
<b>Authorised :</b> Equity Shares of ₹10 each	<b>100000000</b>	<b>10,000.00</b>	100000000	10,000.00
<b>Issued :</b> Equity Shares of ₹10 each	<b>41900000</b>	<b>4,190.00</b>	41900000	4,190.00
<b>Subscribed :</b> Equity Shares of ₹10 each	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Paid-up :</b> Equity Shares of ₹10 each, fully paid-up	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Forfeited Shares (amount originally paid) :</b> Equity Shares of Paid-up value ₹5 each	<b>255500</b>	<b>12.77</b>	255500	12.77
<b>Total</b>		<b>4,177.22</b>		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 Particulars	Number of Shares				
	2019-20	2018-19	2017-18	2016-17	2015-16
Shares allotted as fully paid up pursuant to contracts without payment being received in cash	<b>Nil</b>	Nil	Nil	Nil	Nil
Shares allotted as fully paid up by way of bonus shares	<b>Nil</b>	Nil	Nil	Nil	Nil
Shares bought back	<b>Nil</b>	Nil	Nil	Nil	Nil



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

(₹ in Lakhs)

Particulars	31 March 2020		31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding as at Opening Date	<b>416,44,500</b>	<b>4,164.45</b>	416,44,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	<b>416,44,500</b>	<b>4,164.45</b>	416,44,500	4,164.45

Equity Shares held by shareholders having 5% or more Name of the shareholder	31 March 2020		31 March 2019	
	No. of Shares	% held	No. of Shares	% held
President of India	<b>225,00,000</b>	<b>54.03</b>	225,00,000	54.03
HDFC Trustee Company Limited (PAN wise)	<b>36,19,881</b>	<b>8.69</b>	37,15,380	8.92

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.

The Board of Directors had approved an Interim Dividend of ₹2.50 per equity share i.e 25% on equity shares of ₹10 each on 13.03.2020 which was distributed among eligible shareholders.

The Board of Directors in their meeting held on 27.06.2020 recommended a dividend of ₹3.50/- per equity share (i.e., 35%) for the financial year ended 31st March 2020, subject to the approval of shareholders at the ensuing Annual General Meeting. If approved, this would result in a cash out flow of approximately ₹1457.56 Lakhs.

**Note 20: Non-current Borrowings**

(₹ in Lakhs)

Particulars	31 March 2020		31 March 2019	
	Non-Current	Current	Non-Current	Current
<b>Debentures</b>				
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%	<b>20,000.00</b>	<b>10,000.00</b>	30,000.00	-
<b>Term Loans</b>				
<b>(a) Secured from Banks</b>	-	-	-	-
<b>(b) Unsecured from other parties</b>				
i. Inter corporate loans against company's corporate guarantee (from Coal India)	-	-	-	-
ii. Soft Loan - Interest Free Loan from Govt of Kerala	<b>149.48</b>	<b>149.48</b>	296.68	148.34
<b>Total</b>	<b>20,149.48</b>	<b>10,149.48</b>	30,296.68	148.34

**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

**Terms of repayment of Soft Loan - Interest free Loan from Govt. of Kerala**

(₹ in Lakhs)

Particulars	2020-21	2021-22
Soft Loan - Interest free Loan, Re-payable in 10 equal installments in 5 years	188.80	188.80

**Note 21: Non-current - Other financial liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deposit from vendors	41.60	41.60
<b>Total</b>	<b>41.60</b>	41.60

**Note 22: Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Provision for employee benefits</b>		
for Leave Salary	12,032.19	11,878.53
for Post retirement medical scheme	3,147.66	2,996.09
<b>Provision-others</b>		
for warranty	150.00	158.00
for unexpired obligations	3,305.06	2,538.76
<b>Total</b>	<b>18,634.91</b>	17,571.38

- For movement in the provisions during the year refer Note no. 28
- The provision for employee benefits represents annual leave and vested long service entitlements accrued.
- Warranty provisions are recognised on a contract-by-contract basis for goods sold over the warranty period. The provision is based on estimates of probable likelihood of product failure and returns based on current sales level and past experience.
- Provision for unexpired obligations is towards supply of Backup Spares against guaranteed availability contracts.

**Note 23: Other non-current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advances from customers	<b>98,286.74</b>	33,237.18
Staff related	<b>30.57</b>	28.38
Deferred government grant	<b>39.32</b>	80.92
<b>Total</b>	<b>98,356.62</b>	33,346.48

- a. Company received an interest free loan of ₹944.00 Lakhs from Government of Kerala (Note 20). The same has been initially recognised at fair value and the difference between the proceeds and fair value is recognised as deferred government grant.

The government grant income is amortised to profit or loss on a straight line basis over the term of interest free loan (Note 31).

**Note 24: Current Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Repayable on demand from banks</b>		
<b>Secured</b>		
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)	<b>3,619.65</b>	9,750.89
<b>Unsecured</b>	-	-
<b>Total</b>	<b>3,619.65</b>	9,750.89

**Note 25: Trade Payables**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Total outstanding dues of micro & small enterprises	<b>2,972.02</b>	2,550.17
Total outstanding dues of creditors other than micro & small enterprises	<b>63,153.92</b>	73,658.90
<b>Total</b>	<b>66,125.95</b>	76,209.07

**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. The details of amounts outstanding to them based on available information with the Company is as under :

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Amount due and Payable at the year end		
- Principal	-	-
- Interest on above Principal	-	-
Payments made during the year after the due date		
- Principal	-	-
- Interest	-	-
Interest due and payable for principals already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-
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.	-	-

**Note 26: Current - Other financial liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Current maturities of long term debt (refer note 20)	<b>10,149.48</b>	148.34
Deposit from vendors	<b>738.60</b>	679.23
Earnest Money Deposit from vendors	<b>417.77</b>	1,099.64
Interest accrued but not due on borrowings	<b>1,017.67</b>	1,017.67
Unclaimed dividend	<b>50.59</b>	905.51
<b>Total</b>	<b>12,374.10</b>	3,850.39

**Note 27: Other current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Other payables		
a. Staff related dues	<b>1,284.75</b>	2,179.53
b. Statutory dues	<b>6,362.06</b>	5,397.43
c. Advances from customers	<b>20,974.33</b>	51,912.68
d. Service vendors	<b>8,388.53</b>	6,721.01
e. Civil contractors and Capital payments	<b>3,542.35</b>	3,606.57
f. Liability for wage revision - executives	-	5,897.19
Deferred government grant (refer note 23 a)	<b>39.32</b>	40.46
<b>Total</b>	<b>40,591.34</b>	75,754.87

Civil contractors and Capital payments includes ₹2354.92 Lakhs (Previous Year - ₹2354.92 Lakhs) pertaining to Bank Guarantee Encashed against 18MW Windmill project due to Non fulfilment of Contractual obligation.

**Note 28: Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Provision for employee benefits</b>		
for Gratuity	<b>4,418.45</b>	3,864.50
for Leave Salary	<b>3,315.66</b>	3,126.32
for Performance Related Pay	<b>425.00</b>	1,125.00
for Post retirement medical scheme	<b>4,037.02</b>	2,355.24
for Officers Pension	<b>1,604.00</b>	1,338.11
for Wage revision	-	9,988.11
<b>Provision-others</b>		
for pending legal cases	<b>11.79</b>	34.17
for warranty	<b>6,424.96</b>	6,269.64
for unexpired obligations	<b>825.61</b>	935.00
for onerous contract	-	1,123.57
for tax on interim dividend	-	385.20
<b>Total</b>	<b>21,062.49</b>	30,544.86

**Movement in Provisions**

(₹ in Lakhs)

Particulars	As at 01.04.2019		Additions	Utilization	Reversal	As at 31st March 2020	
	Non-current	Current				Non-current	Current
Gratuity	-	3,864.50	4,418.45	3,864.50	-	-	4,418.45
Leave Salary	11,878.53	3,126.32	5,547.40	5,204.40	-	12,032.19	3,315.66
Post retirement medical scheme	2,996.09	2,355.24	2,530.96	697.61	-	3,147.66	4,037.02
Performance Related Pay	-	1,125.00	-	700.00	-	-	425.00
Officers Pension	-	1,338.11	1,604.00	1,338.11	-	-	1,604.00
Wage revision	-	9,988.11		9,772.80	215.31	-	-
Pending legal cases	-	34.17	0.30	0.60	22.08	-	11.79
Warranty	158.00	6,269.64	4,865.54	4,643.44	74.78	150.00	6,424.96
Unexpired Obligation	2,538.76	935.00	1,467.31	610.40	200.00	3,305.06	825.61
onerous contract	-	1,123.57	-		1,123.57	-	-
tax on interim dividend	-	385.20	428.01	813.21	-	-	-
<b>Total</b>	<b>17,571.38</b>	<b>30,544.86</b>	<b>20,861.97</b>	<b>27,645.07</b>	<b>1,635.74</b>	<b>18,634.91</b>	<b>21,062.49</b>

**Note 29: Current tax liabilities (Net)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Income tax	-	3,958.68
Less: MAT credit entitlement	-	-
<b>Total</b>	-	3,958.68

**Note 29A: Divisional control account**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Closing balance	-	-
<b>Total</b>	-	-

**Note 30: Revenue from Operations**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
(a) sale of products:		
Earth Moving Equipment	<b>79,050.10</b>	95,538.20
Rail & Metro Products	<b>1,03,356.58</b>	1,47,552.64
Defence Products	<b>28,199.96</b>	15,925.17
Spare Parts	<b>72,414.26</b>	68,784.92
<b>Sub-total</b>	<b>2,83,020.90</b>	3,27,800.93
(b) sale of services;		
Equipment Servicing	<b>16,783.99</b>	16,899.07
<b>Sub-total</b>	<b>16,783.99</b>	16,899.07
(c) other operating revenues		
Wind Energy	<b>1,604.80</b>	1,104.79
Sale of Scrap	<b>1,472.05</b>	2,301.61
<b>Sub-total</b>	<b>3,076.85</b>	3,406.40
(d) Inter Segment Sales	-	-
<b>Revenue from operations</b>	<b>3,02,881.74</b>	3,48,106.40

- A. i. GST on Revenue from Operations up to March 2020 is ₹54892.18 Lakhs (Previous Year ₹48000.48 Lakhs). GST has not been included in the Revenue from Operations.
- ii. Revenue includes ₹5671.18 Lakhs (Previous Year: ₹1303.30 Lakhs) on account of Sale of 82 No. of equipments "Bill and hold sales" basis recognised in accordance with Ind AS-115. This does not

bear any custodian charges.

iii. Revenue Includes ₹Nil Lakhs (Previous Year - ₹3403.16 Lakhs sale on account of 1.No BH150E and 1 No BH205E Dump Truck) on the basis of Sale cum trail . A provision of ₹NIL Lakhs (Previous Year - ₹555.63 Laskhs) has been made towards unsatisfied performace obligation during the year.

iv. Revenue from operation includes ₹1450.20 lakhs (Previous Year ₹ 1920.02 Lakhs) towards export sales.

- B.
1. Revenue is recognized over time on the contracts for metro cars supply and service contracts wherever transfer of control on goods/services and performance obligation satisfied over time. All other revenue is recognized at a point in time when control transfers.
  2. Revenue from Operations include ₹30384.85 Lakhs and ₹Nil Lakhs in respect of Metro Contracts and service contracts in M&C business (Previous Year - ₹43,725.72 Lakhs and ₹59.31 Lakhs respectively) recognized as Contract Assets, due to adoption of Ind AS 115.
  3. In case of metro supply contracts and Equipment Rehabilitation and Mining Aggregates Repairs Contracts, for determination of transaction price for the purpose of recognizing revenue over time, Input Method has been considered .
  4. Following are the closing and opening balances of Receivables, Contract Assets and Contract liabilities (which are measured under Input Method);

(₹ in Lakhs)

Details	Balance as on 31.03.2020	Balance as on 01.04.2019
Receivables	<b>29,218.80</b>	22,220.18
Contract Assets	<b>30,384.85</b>	48,916.36
Contract Liabilities	-	-

5. Payments under the Metro Supply Contracts are released by customers upon completion of milestones of Cost centers identified in the contracts.
6. Payments are released by customers under Equipment Rehabilitation and Aggregates Repairs Contracts upon completion of Repair/Rehabilitation ,delivery and acceptance of the items at Customer site as indicated in the Contract.
7. Warranties: In respect of Metro Contracts, Defect Liability periods are applicable till taking over of Train sets by the Customer.
8. Standard Warranty is provided for a period of 12 months Or 4000 hours of satisfactory performance of Equipment (Mining & Construction) after delivery and commissioning. However warranty for Electrical items is for 12 months/3000 hrs from the date of commissioning whichever is earlier.
9. ₹375026.30 Lakhs and ₹Nil Lakhs (Previous Year - ₹65435.59 Lakhs for Metro Contracts and ₹240.24 Lakhs) for Mining Equipment Rehabilitation and Aggregates Repairs Contracts, is the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period and Company expects to recognize this revenue in the subsequent years.
10. Following is the reconciliation of amount of revenue recognized in the statement of P&L on recognition of Contract Assets;

(₹ in Lakhs)

Particulars	Amount
Total Contract Assets	30,384.85
Adjustment on the contract price towards discounts, rebate, refunds etc.,	-

**Note 31: Other income**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest Income	-	-
- From Deposits	-	-
- From Inter Corporate Loans	<b>58.59</b>	151.59
- From Other Advances	-	-
- From Income tax refund	<b>52.94</b>	-
- Finance income on lease deposits	<b>0.90</b>	0.99
- Others	<b>23.36</b>	41.15
Government grant income	<b>42.73</b>	42.73
Export incentives	<b>82.78</b>	82.19
Dividend Income	-	-
- Dividend Received from Subsidiary	-	13.47
- Other Dividends	-	-
Net gain on sale of property, plant and equipment	<b>23.37</b>	6.20
Provisions written back	-	-
- Doubtful trade receivables & advances	<b>204.45</b>	-
- Others	<b>1,643.90</b>	11.57
Foreign exchange gain	<b>1,153.35</b>	-
Other non-operating income	<b>1,568.20</b>	1,961.43
<b>Total</b>	<b>4,854.57</b>	2,311.32

**a. Tax Deducted at Source on Income**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
a) Interest on Inter Corporate Loans	<b>5.86</b>	15.15

**Note 32: Cost of materials consumed**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Cost of materials consumed</b>	<b>1,89,050.72</b>	1,97,061.50



**Note 33: Purchase of stock-in-trade**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Purchase of stock-in-trade</b>	-	-

**Note 34: Changes in inventories of finished goods, stock-in-trade and work-in-progress**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Opening Stock</b>		
Finished goods	<b>15,076.82</b>	18,926.62
Work-in-progress	<b>69,363.61</b>	67,018.01
Scrap	<b>659.02</b>	556.46
	<b>85,099.45</b>	86,501.09
<b>Closing Stock</b>		
Finished goods	<b>26,610.21</b>	15,055.96
Work-in-progress	<b>86,500.09</b>	69,363.61
Scrap	<b>1,183.62</b>	659.02
	<b>1,14,293.92</b>	85,078.59
<b>(Increase) / Decrease</b>		
Finished goods	<b>(11,533.39)</b>	3,870.66
Work-in-progress	<b>(17,136.48)</b>	(2,345.60)
Scrap	<b>(524.60)</b>	(102.56)
<b>Total</b>	<b>(29,194.47)</b>	1,422.50

**Note 35: Employee benefits expense**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Salaries, Wages & Bonus	<b>64,175.72</b>	62,721.78
Leave Salary	<b>5,547.50</b>	4,097.09
Contribution to:		
- Gratuity Fund	<b>1,072.80</b>	1,112.27
- Provident Fund and Other Funds	<b>6,239.03</b>	5,643.35
Post retirement medical scheme	<b>975.06</b>	970.93
Staff welfare expenses	<b>7,355.54</b>	6,082.46
- Less receipts	<b>979.03</b>	434.76
Net staff welfare expenses	<b>6,376.50</b>	5,647.70
<b>Total</b>	<b>84,386.62</b>	80,193.12

## A. Ind AS 19 (Employee Benefits)

### a. Leave Salary

This is an unfunded employee benefit plan categorized under other long term employee benefits in terms of Ind AS 19. The obligation for compensated absence has been actuarially valued and liability provided accordingly.

Actuarial Assumptions	Current Year (Unfunded)	Previous Year (Unfunded)
Mortality Table	<b>2006-08 (IALM) (Ultimate)</b>	2006-08 (IALM) (Ultimate)
Discount rate	<b>6.83%</b>	7.59%
Rate of escalation in salary	<b>4.00%</b>	5.00%

### b. Post Retirement Medical Scheme

#### 1. Employees

- (i) The company has a post retirement defined benefit medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated employees who opt for the scheme. The Company pays 90% insurance premium and the balance 10% is paid by the superannuated employees.
- (ii) The results of the actuarial study for the obligation of the medical benefit as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Principal actuarial assumptions</b>		
Discount rate	<b>6.83%</b>	7.59%
Range of compensation increase	<b>4.00%</b>	5.00%
Attrition rate:	<b>0.49%</b>	0.55%
<b>Components of income statement charge</b>		
Current Service Cost	<b>67.40</b>	120.58
Interest Cost	<b>220.65</b>	281.61
<b>Total income statement charge</b>	<b>288.05</b>	402.19
<b>Movements in net defined benefit liability</b>		
Net obligation at the beginning of the year	<b>3,390.12</b>	3,710.22
Employer contributions	<b>(663.52)</b>	(537.59)
Total expense recognised in profit or loss	<b>288.05</b>	402.19
Total amount recognised in OCI	<b>1,555.90</b>	(184.70)
<b>Net obligation at the end of the year</b>	<b>4,570.55</b>	3,390.12

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>3,390.12</b>	3,710.22
Current service cost	<b>67.40</b>	120.58
Interest cost	<b>220.65</b>	281.61
Benefits paid directly by the company	<b>(663.52)</b>	(537.59)
Extra payments or expenses / (income)	-	-
Obligation of past service cost	-	-
Actuarial loss / (gain) on obligations	<b>1,555.90</b>	(184.70)
<b>DBO at the end of the year</b>	<b>4,570.55</b>	3,390.12
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	-	-
Actuarial gain/(loss) on account of experience adjustments	<b>1,555.90</b>	(184.70)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>1,555.90</b>	(184.70)

### (iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
<b>Discount rate</b>		
+ 1.00% discount rate	<b>(206.86)</b>	(52.40)
- 1.00% discount rate	<b>231.44</b>	83.21
<b>Premium cost</b>		
+ 1.00% premium growth	<b>245.99</b>	121.65
- 1.00% premium growth	<b>(223.14)</b>	(72.67)

### (iv) Experience adjustments

(₹ in Lakhs)

	Current Year	Previous Year
Defined benefit obligation	<b>4,570.55</b>	3,390.12
Experience adjustment on plan liabilities	<b>(439.39)</b>	(637.33)

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

## 2. Officers

For officers, from 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 contributed 3% of the basic and DA of officers amounting to ₹687.00 Lakhs during 2019-20 for the scheme. 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

- (i) 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. This is a defined benefit plan and the 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 (Funded)	Previous Year (Funded)
Discount rate	6.83%	7.59%
Rate of escalation in salary	4.00%	5.00%
Interest Rate Guarantee on Provident Fund	8.65%	8.55%

#### 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

- (i) 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.
- (ii) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Principal actuarial assumptions</b>		
Discount rate	6.83%	7.59%
Range of compensation increase	4.00%	5.00%
Attrition rate	0.49%	0.55%
Expected rate of return on plan assets	7.29%	7.59%
<b>Components of income statement charge</b>		
Current Service Cost	1,115.72	688.68
Interest Cost	(42.92)	423.60
Recognition of past service cost	-	-
Settlement / curtailment / termination loss	-	-
<b>Total income statement charge</b>	<b>1,072.80</b>	1,112.28

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Movements in net liability/(asset)</b>		
Net liability / (asset) at the beginning of the year	<b>3,855.55</b>	11,065.96
Employer contributions	<b>(3,855.56)</b>	(11,074.96)
Total expense recognised in profit or loss	<b>1,072.80</b>	1,112.28
Total amount recognised in OCI	<b>3,345.66</b>	2,752.27
<b>Net liability / (asset) at the end of the year</b>	<b>4,418.45</b>	3,855.55
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>44,544.57</b>	44,867.30
Current service cost	<b>1,115.72</b>	688.68
Interest cost	<b>2,707.08</b>	3,143.57
Benefits paid directly by the company	<b>(9,818.91)</b>	(6,900.11)
Actuarial loss / (gain) on obligations	<b>3,330.57</b>	2,745.13
<b>DBO at the end of the year</b>	<b>41,879.03</b>	44,544.57
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	<b>(15.09)</b>	(7.14)
Actuarial gain/(loss) on account of experience adjustments	<b>(3,330.57)</b>	(2,745.13)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>(3,345.66)</b>	(2,752.27)
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	<b>40,689.02</b>	33,801.34
Adjustment to opening fair value of plan assets	-	-
Interest on plan assets	<b>2,750.00</b>	2,719.97
Contributions made	<b>3,855.56</b>	11,074.96
Benefits paid	<b>(9,818.91)</b>	(6,900.11)
Actuarial gain/(loss) on plan assets	<b>(15.09)</b>	(7.14)
<b>Fair value of plan assets at the end of the year</b>	<b>37,460.58</b>	40,689.02

(iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
<b>Discount rate</b>		
Discount rate (CY +100 basis pts; PY +50 basis pts)	<b>(1,921.21)</b>	(1,981.66)
Discount rate (CY -100 basis pts; PY -50 basis pts)	<b>2,154.90</b>	2,215.26
<b>Salary increase</b>		
Salary growth (CY +100 basis pts; PY +50 basis pts)	<b>1,787.14</b>	1,828.04
Salary growth (CY -100 basis pts; PY -50 basis pts)	<b>(1,659.21)</b>	(1,725.85)

(iv) Experience adjustments

(₹ in Lakhs)

	Current Year	Previous Year
Defined benefit obligation	<b>41,879.03</b>	44,544.57
Fair value of plan assets	<b>37,460.58</b>	40,689.02
(Surplus)/deficit in plan assets	<b>4,418.45</b>	3,855.55
Experience adjustment on plan liabilities	<b>3,523.31</b>	11,395.47
Actual return on plan assets less interest on plan assets	<b>(42.92)</b>	423.60

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

(v) Investment details

The plan assets under the fund are deposited under approved securities as follows:

		Current Year	Previous Year
Investment with LIC	%	<b>100</b>	100
Others	%	<b>0</b>	0

**Note 36: Finance costs**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest expense		
On Cash Credit & Short term loans	<b>911.39</b>	3,176.22
On Long Term Loans	-	-
On External Commercial Borrowings	-	-
On Non-convertible Debentures	<b>2,772.00</b>	2,705.22
On Inter Corporate Loans	-	-
On MSE vendors	-	-
Unwinding of discount on Interest free loan	<b>42.73</b>	42.73
Interest on ROUasset	<b>82.00</b>	-
Others	<b>242.06</b>	15.23
<b>Total</b>	<b>4,050.18</b>	5,939.40

**Ind AS 23 (Borrowing Costs)**

The amount of interest capitalized during the Year is ₹NIL Lakhs (Previous Year - ₹66.78 Lakhs).

**Note 37: Other expenses**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Consumption of stores and spare parts	536.62	566.10
Consumable Tools	613.34	640.41
Power and fuel	3,488.09	3,498.63
Rent	171.39	413.77
Hire Charges	970.44	981.59
Repairs & Maintenance		
Machinery & Equipment	408.60	461.41
Buildings	549.83	590.15
Others	1,041.69	901.19
Stationery	107.89	107.63
Insurance	516.42	474.73
Rates & Taxes	877.49	508.01
Bank guarantee fee and other charges	646.77	745.68
Communication expenses	335.57	329.78
Commission on sales	12.47	18.41
Remuneration to Auditors (refer note 'a' below)	25.45	25.26
Legal & Professional Charges	1,360.54	184.85
Travelling Expenses	1,361.46	1,425.91
Publicity & Public Relations	623.55	508.67
Loss on sale of property, plant and equipment	0.05	0.77
Bad Debts written off	-	-
Defects & Spoilages	274.20	16.82
Works Contract Expenses	7,241.43	7,022.23
Expenses on Maintenance Contract	2,998.22	4,115.71
Sundry Direct Charges	3,937.98	2,116.00
Freight charges	3,160.17	3,055.91
Expenditure on CSR Activities	432.18	310.19
Provision for Obsolescence	909.72	817.90
Provision for Onerous contract	120.18	1,123.57
Provision for doubtful trade receivables & advances	4,620.76	2,225.13
Provision for diminution in value of Current Investment	-	4.32
Provision for diminution in value of Non-current Investment	-	-
Warranty & Unexpired Obligations	4,680.54	4,952.38
Less: Transfers	(3,074.75)	(3,136.51)
Warranty & Unexpired Obligations	1,605.79	1,815.87
Liquidated damages on sales	25.65	588.68
Foreign exchange loss / (gain)	-	328.52
Miscellaneous expenses	10,933.05	9,823.37
<b>Total</b>	<b>49,906.98</b>	<b>45,747.17</b>

**a. Break up of Remuneration to Auditors :**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
(a) As Auditor	<b>14.63</b>	14.63
(b) for taxation matter	<b>2.97</b>	3.17
(c) Other Services - Certification Fees	<b>7.32</b>	6.82
(d) Reimbursement of Expenses	<b>0.53</b>	0.64
<b>Total</b>	<b>25.45</b>	25.26

**Note 38: Exceptional Items**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Income</b>	-	-
<b>Expenditure</b>	-	-
<b>Net Income / (Expenditure)</b>	-	-

**Note 39: Other Disclosures**

**A. Basic / Diluted Earnings Per Equity Share**

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	<b>6,838.34</b>	6,348.61
Average Number of Shares	<b>416,44,500</b>	416,44,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	<b>16.42</b>	15.24

**B.** In terms of Notification No. S.O.802(E) dated 23-02-2018 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. Ind AS 24 - Related Parties**

In accordance with the requirements of Ind AS 24, following are details of the transactions during the year with related parties.



Name of the related party	Nature of relationship
Vignyan Industries Limited	Subsidiary
MAMC Industries Limited	Subsidiary
BEML Midwest Limited	Joint venture
BEML PF Trust	Employee benefit and administration trust fund
BEML Gratuity Trust	Employee benefit and administration trust fund
BEML Death-cum-Retirement Benefit Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Pension) Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Benefit) Trust Fund	Employee benefit and administration trust fund
Dr. D.K. Hota	Key managerial personnel
Shri. B R Viswanatha	Key managerial personnel
Shri. R H Muralidhara	Key managerial personnel
Shri. Suraj Prakash	Key managerial personnel
Shri. Suresh Vastrad	Key managerial personnel
Shri. M. V. Raja Sekhar	Key managerial personnel
Shri. Panneer Selvam R	Key managerial personnel
Shri. S V Ravi Sekhar Rao	Key managerial personnel

### Transactions with related parties

1. The details of related party transactions entered into by the Company are as follows:

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

##### Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>Transactions during the year ended</b>		
Sales	<b>338.24</b>	701.81
Purchases	<b>1,731.61</b>	3,184.43
Salaries charged to VIL for BEML personnel deputed there.	<b>90.81</b>	34.89
Dividends Received	-	13.47
<b>Equity Investment held as on 31st March (at cost)</b>	<b>252.60</b>	252.60
<b>Outstanding balances</b>		
Amount payable towards supplies as on		44.25
Amount recoverable as on	<b>248.59</b>	-
Corporate Guarantee given to Bankers	-	-

#### ii. Name of the Subsidiary - M/s. MAMC Industries Limited [Refer Note 11]

##### Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Equity Investment held as on 31st March (at cost)	<b>5.00</b>	5.00
Advances recoverable as on 31st March	<b>602.80</b>	602.39

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

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>Transactions during the year ended</b>		
Sales	-	-
Purchases	-	-
Equity Investment held as on 31st March (at cost)	<b>542.25</b>	542.25
<b>Outstanding balances</b>		
Advances recoverable as on	<b>135.51</b>	135.48
Amount payable towards supplies as on	<b>230.00</b>	230.00
Corporate Guarantee given to Bankers [refer Note 7 (b)]	<b>1,912.50</b>	1,912.50

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

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Investment in Quotas held as on 31st March (at cost)	-	-

**2. Remuneration to Key managerial personnel**

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Dr. D.K. Hota - Chairman and Managing Director	<b>68.67</b>	47.10
Shri. B R Viswanatha - Director (Mining & Construction)*	<b>25.09</b>	39.99
Shri. R H Muralidhara - Director (Defence)	<b>64.15</b>	38.92
Shri. Suraj Prakash - Director (Finance)	<b>44.84</b>	32.04
Shri. Suresh Vastrad - Director (Rail & Metro)	<b>47.12</b>	12.19
Shri. M. V. Raja Sekhar Director (Mining & Construction)*	<b>43.51</b>	-
Shri. Panneer Selvam R - Director (HR)*	<b>23.98</b>	-
Shri. S.V.Ravi Sekhar Rao - Company Secretary	<b>31.47</b>	16.02

(\* For part of the year.)

**3. Details of remuneration of key managerial personnel comprises the following:**

(₹ in Lakhs)

<b>Dr. D.K. Hota - Chairman and Managing Director</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	61.88	40.76
Post-employment benefits	3.85	1.66
Other long-term benefits	2.94	4.68
Termination benefits	-	-
<b>Shri. B R Viswanatha - Director (Mining &amp; Construction)*</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	14.14	33.33
Post-employment benefits	0.53	1.32
Other long-term benefits	10.42	5.34
Termination benefits	-	-
<b>Shri. R H Muralidhara - Director (Defence)</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	58.34	34.54
Post-employment benefits	3.27	1.46
Other long-term benefits	2.53	2.92
Termination benefits	-	-
<b>Shri. Suraj Prakash - Director (Finance)</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	39.49	29.16
Post-employment benefits	2.96	1.25
Other long-term benefits	2.39	1.63
Termination benefits	-	-
<b>Shri. Suresh S Vastrad - Director (Rail &amp; Metro)</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	42.23	11.16
Post-employment benefits	2.71	0.38
Other long-term benefits	2.17	0.65
Termination benefits	-	-
<b>Shri. M. V. Raja Sekhar Director (Mining &amp; Construction)*</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	38.74	-
Post-employment benefits	2.66	-
Other long-term benefits	2.11	-
Termination benefits	-	-
<b>Shri. Panneer Selvam R - Director (HR)*</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	20.16	-
Post-employment benefits	1.71	-
Other long-term benefits	2.11	-
Termination benefits	-	-

(₹ in Lakhs)

<b>Shri. S.V.Ravi Sekhar Rao - Company Secretary</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	28.34	13.94
Post-employment benefits	1.77	0.86
Other long-term benefits	1.36	1.22
Termination benefits	-	-
<b>Total</b>	<b>31 March 2020</b>	31 March 2019
Short-term benefits	303.33	162.89
Post-employment benefits	19.46	6.93
Other long-term benefits	26.03	16.44
Termination benefits	-	-

\* For part of the year.

4. 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 Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.,) - ₹44761.43 lakhs (Previous Year ₹46384.23 Lakhs)
  - ii Other claims- legal cases etc. ₹18901.86 Lakhs (Previous Year ₹17262.44 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 - ₹Nil).

##### **II. Commitments**

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹660.74 Lakhs (Previous Year - ₹1526.82 Lakhs)
- b. Uncalled liability on shares and other investments partly paid - ₹Nil (Previous Year - ₹Nil).
- c. Other commitments (specify nature) - ₹Nil (Previous Year - ₹Nil).

**NOTE**

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	31 March 2020	31 March 2019
Revenue Expenditure*	<b>9,438.21</b>	6,424.71
Capital Expenditure**	<b>915.61</b>	647.36

\* 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 2020	For the Year ended 31st March 2019
Material Cost	<b>114.34</b>	295.52
Employee Remuneration	<b>5,320.24</b>	4,117.84
Depreciation	<b>1,055.81</b>	1,122.93
Power and Fuel	<b>89.69</b>	48.17
Repairs and Maintenance	<b>35.77</b>	13.20
Consumable Tools	<b>0.86</b>	0.48
Travelling	<b>115.86</b>	126.54
Other Expenses	<b>3,079.30</b>	1,400.86
Payment to Technology Providers	-	-
Prototype held in WIP	<b>219.84</b>	422.10
Prototype held in FGI	-	-
Cost of Sales of Prototype sold	<b>462.31</b>	-
<b>Total R&amp;D Revenue Expenditure</b>	<b>10,494.02</b>	7,547.64
Less: Depreciation	<b>1,055.81</b>	1,122.93
<b>Net R &amp; D Expenditure</b>	<b>9,438.21</b>	6,424.71

Sale value of prototype sold - included in net Sales

**400.06**

-

\*\* The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2020 is as below.

### b. Research & Development Capital Expenditure

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated depreciation and impairment				Net Carrying value		
	As at 01.04.2019	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019	
<b>Property, Plant and Equipment</b>											
Land											
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29	
Lease Hold	-	-	-	-	-	-	-	-	-	-	
Buildings	109.33	-	-	109.33	49.94	2.16	12.78	64.88	44.45	59.39	
Plant and Equipment	1,117.01	440.30	-	1,557.31	381.61	125.70	(12.34)	494.97	1,062.34	735.40	
Furniture & Fixtures	112.85	2.07	(2.21)	112.71	58.05	10.93	(1.58)	67.40	45.31	54.80	
Vehicles											
Given on Lease	93.54	26.86	(9.88)	110.52	54.89	13.86	(9.94)	58.81	51.71	38.65	
Own Use	-	-	-	-	-	-	-	-	-	-	
Office Equipment	-	-	-	-	-	-	-	-	-	-	
Roads & Drains	1.64	-	-	1.64	1.07	0.57	-	1.64	-	0.57	
Water Supply Installations	0.12	-	-	0.12	0.02	0.01	-	0.03	0.09	0.10	
Electrical Installation	104.50	34.93	-	139.43	32.52	13.00	(0.01)	45.51	93.92	71.98	
Computers and Data processing units	758.13	24.53	23.52	806.18	529.17	64.82	27.28	621.27	184.91	228.96	
<b>Intangible Assets</b>											
Software	1,954.36	386.92	-	2,341.28	969.41	357.37	26.51	1,353.29	987.99	984.95	
Technical Knowhow	5,755.91	-	-	5,755.91	2,343.61	467.39	(7.26)	2,803.74	2,952.17	3,412.30	
<b>Total</b>	<b>10,010.68</b>	<b>915.61</b>	<b>11.43</b>	<b>10,937.72</b>	<b>4,420.29</b>	<b>1,055.81</b>	<b>35.44</b>	<b>5,511.54</b>	<b>5,426.18</b>	<b>5,590.39</b>	
Previous Year	9,282.57	647.36	80.75	10,010.68	3,236.85	1,122.93	60.51	4,420.29	5,590.39	6,045.72	

### F. Ind AS 108 (Operating Segments)

Vide Notification No. S.O.802(E) dated 23-02-2018 issued by Ministry of Corporate Affairs, exempted companies engaged in Defence Production from segmental disclosure as required under Ind AS 108 (Operating Segments), accordingly the disclosure requirements under Ind AS 108 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 and reconciliation. 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 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>i. Loans and Advances in the nature of loans:</b>				
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 sheares of BEML and its subsidiaries	-	-	-	-

## J. Ind AS 116 - Leases

### a) The Company as a lessee

The Company's significant leasing arrangements are in respect of operating leases and in respect of its leased office premises. These lease arrangements, run for a period of 3 Years to 10 Years and are generally renewable by mutual consent.

Future minimum lease payments under non-cancellable operating leases are summarised below:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Not later than one year	<b>0.28</b>	58.13
Later than one year but not later than five years	<b>1.12</b>	244.34
Later than five years	-	1,551.90
<b>Total operating lease commitments</b>	<b>1.40</b>	1,854.37

### b) The Company as a lessor

The Company provides cars to employees who are eligible and enroll into such a scheme after completion of a specific period of service. Such leases are non-cancellable in nature and have been classified as operating leases.

Below are the details of carrying amounts of such vehicles recorded as property, plant and equipment:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Carrying value of assets	<b>532.27</b>	466.75
Accumulated depreciation	<b>154.58</b>	110.59
Depreciation expense during the year	<b>74.07</b>	59.45

Future minimum lease receipts under non-cancellable operating leases in respect of leased cars are summarised below:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Not later than one year	<b>67.54</b>	50.09
Later than one year but not later than five years	<b>197.22</b>	213.09
Later than five years	<b>127.45</b>	63.28
<b>Total operating lease commitments</b>	<b>392.21</b>	326.46

### c) Lease income and expenditure

The gross amounts of operating lease income and expenditure recognised in profit or loss is as below.

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Lease income	<b>68.50</b>	56.07
Lease expenses	<b>171.39</b>	413.77

### d) Impact of IND AS 116 - RoU Assets

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Total Depreciation of RoU Assets	<b>109.80</b>	-
Finance Cost of Lease Liability	<b>82.00</b>	-
Gross value of RoU Assets	<b>984.39</b>	-
Net Book Value of RoU Assets	<b>874.59</b>	-
Lease Liability as of 31st March	<b>915.47</b>	-
Impact on Profitability in the current year	<b>(41.27)</b>	-



**K. Fair values and measurement principles**

a) The carrying value and fair value of financial instruments by category are as follows:

(₹ in Lakhs)

Particulars	31 March 2020		31 March 2019	
	Carrying amounts		Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
<b>Financial assets measured at fair value:</b>				
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial assets not measured at fair value:</b>				
Loans	-	9.96	-	826.34
Trade receivables	-	1,51,037.35	-	1,61,304.66
Cash and cash equivalents	-	2,734.15	-	2,236.96
Other financial assets	-	661.55	-	691.66
	-	1,54,443.01	-	1,65,059.62
<b>Financial liabilities measured at fair value:</b>				
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>				
Borrowings	-	23,769.13	-	40,047.57
Trade payables	-	66,125.95	-	76,209.07
Other financial liabilities	-	12,415.70	-	3,891.99
	-	1,02,310.78	-	1,20,148.63

\* The Company has not disclosed the fair values for financial instruments, because their carrying amounts are a reasonable approximation of fair value.

b) The following table shows the fair values of assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company's use of quoted market prices (Level 1), valuation model using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

(₹ in Lakhs)

Particulars	31 March 2020			31 March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Financial liabilities measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-

### c) Measurement of fair values

Valuation techniques and significant unobservable inputs:

Particulars	Valuation technique	Significant unobservable inputs
Forward exchange contracts	The fair values is determined using unquoted forward exchange rates at the reporting date.	Not applicable

### d) Transfers between the fair value hierarchy

There were no transfers in either direction in the fair value hierarchy during the year 2019-20.

## L. Financial risk management

The Company is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments.

The Company's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. Treasury Management Team in the company take appropriate steps to mitigate financial risks within the framework set by the top management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. Company do not trade in derivatives for speculation.

### i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

The Company regularly follow up the receivable to minimise losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Deposits and cash balances are placed with reputable scheduled banks.

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. Major Customers of the company are from Government Sector and Public Sector Companies, where credit risk is relatively low.

The management has established a system under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables based on factual information as on the Balance sheet date.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:-

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
India	<b>1,49,972.28</b>	1,59,917.76
Other regions	<b>1,065.07</b>	1,386.90
<b>Total trade receivables</b>	<b>1,51,037.35</b>	1,61,304.66

At 31 March 2020, the Company's most significant customer, accounted for ₹12345.19 lakhs of the trade receivables carrying amount (31st March 2019: ₹21355.43 Lakhs).

The movement in the loss allowance for impairment of trade receivables are disclosed in Note No. 14. Any past due from Government Customers and those fully covered by guarantees or collaterals received are not tested for impairment.

The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables.

The Company has not received any collaterals for receivables as at reporting date.

The impairment loss allowance at 31 March 2020 related to several customers that have indication that they may not pay their outstanding balances. The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on the fact that major customers are Government department, PSUs and historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

## ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Liquidity risk is maintained at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally by forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and to comply with loan covenants.

To ensure continuity of funding, the Company primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements needs. The Company has also availed various non-current facilities in the form of secured redeemable debentures, secured term loans, inter-corporate loans against the Company's guarantee and soft loans from the Government for expansion projects and construction and development of capital assets.

### Exposure to liquidity risk

The table below details the Company's remaining contractual maturity for its financial liabilities and derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities and derivative financial liabilities based on the earliest date on which the Company can be required to pay.

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 years or more		
<b>31 March 2020</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	20,149.48	-	-	20,149.48
Current Borrowings	3,619.65	-	-	-	3,619.65
Trade payables	66,125.95	-	-	-	66,125.95
Other financial liabilities	12,415.70	-	-	-	12,415.70
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>82,161.30</b>	<b>20,149.48</b>	-	-	<b>1,02,310.78</b>
<b>31 March 2019</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	30,296.68	-	-	30,296.68
Current Borrowings	9,750.89	-	-	-	9,750.89
Trade payables	76,209.07	-	-	-	76,209.07
Other financial liabilities	3,891.99	-	-	-	3,891.99
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>89,851.95</b>	<b>30,296.68</b>	-	-	<b>1,20,148.63</b>

### iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity / commodity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Company enters into forward derivative contracts to manage risks of loss arising due to foreign exchange exposure. During the year ended 31 March 2020, there was no change to the manner in which the Company managed or measured market risk.

### iv) Currency risk

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Company's future cash flows and profitability in the ordinary course of business. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities from procuring or

selling in foreign currencies and obtaining finance in foreign currencies.

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

The Company does not use derivative financial instruments for trading or speculative purposes. Following is the information on derivative financial instruments to hedge the foreign exchange rate risk as on dates are as below:

**31 March 2020**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

**31 March 2019**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

## Exposure to currency risk

The currency profile of financial assets and financial liabilities as on dates are as below:

(₹ in Lakhs)

Particulars	INR	USD	EURO	JPY	SEK	GBP	SGD	CHF	ZAR
<b>31 March 2020</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	183.07	-	1,773.13	777.95	-	-	-	-	-
Current investments	-	-	-	-	-	-	-	-	-
Trade receivables	1,49,972.28	851.75	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	52,003.71	6,403.30	3,520.60	3,447.62	11.53	663.18	46.97	28.02	1.02
Other current financial liabilities	12,374.10	-	-	-	-	-	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>85,777.54</b>	<b>(5,551.55)</b>	<b>(1,534.15)</b>	<b>(2,669.67)</b>	<b>(11.53)</b>	<b>(663.18)</b>	<b>(46.97)</b>	<b>(28.02)</b>	<b>(1.02)</b>
<b>31 March 2019</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	183.32	-	1,275.69	777.95	-	-	-	-	-
Current investments	-	-	-	-	-	-	-	-	-
Trade receivables	1,59,917.76	1,173.58	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	56,607.08	13,634.88	2,206.53	3,064.18	-	647.72	2.31	28.02	18.35
Other current financial liabilities	3,848.48	-	-	-	-	1.91	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>99,645.52</b>	<b>(12,461.30)</b>	<b>(717.52)</b>	<b>(2,286.23)</b>	<b>-</b>	<b>(649.63)</b>	<b>(2.31)</b>	<b>(28.02)</b>	<b>(18.35)</b>

The following significant exchange rates have been applied during the year.

(values in ₹)

Particulars	Average rate		Year-end spot rate	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD	-	-	<b>76.0600</b>	69.7700
EUR	-	-	<b>84.4300</b>	78.8400
JPY	-	-	<b>0.7069</b>	0.6343
GBP	-	-	<b>94.4700</b>	91.7500

## Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars, Euro, Japanese Yen, the Pound and other currencies at 31 March 2020 and 31 March 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
1% movement				
USD	55.52	(55.52)	36.12	(36.12)
EUR	15.34	(15.34)	9.98	(9.98)
JPY	26.70	(26.70)	17.37	(17.37)
SEK	0.12	(0.12)	0.08	(0.08)
GBP	6.63	(6.63)	4.31	(4.31)
SGD	0.47	(0.47)	0.31	(0.31)
CHF	0.28	(0.28)	0.18	(0.18)
ZAR	0.01	(0.01)	0.01	(0.01)
<b>31 March 2019</b>				
1% movement				
USD	124.61	(124.61)	81.07	(81.07)
EUR	7.18	(7.18)	4.67	(4.67)
JPY	22.86	(22.86)	14.87	(14.87)
SEK	-	-	-	-
GBP	6.50	(6.50)	4.23	(4.23)
SGD	0.02	(0.02)	0.02	(0.02)
CHF	0.28	(0.28)	0.18	(0.18)
ZAR	0.18	(0.18)	0.12	(0.12)

**v) Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

**Exposure to interest rate risk**

The Company's interest rate risk arises from borrowings and loans made. Borrowings availed at fixed rates expose the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in Lakhs)

Particulars	Carrying amount	
	31 March 2020	31 March 2019
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	<b>(30,000.00)</b>	(30,000.00)
	<b>(30,000.00)</b>	(30,000.00)
<b>Variable-rate instruments</b>		
Financial assets	-	817.28
Financial liabilities	-	-
	-	817.28

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 March 2020</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total Variable-rate instruments</b>	-	-	-	-
Cash flow sensitivity (net)	-	-	-	-
<b>31 March 2019</b>				
Financial assets	70.76	(70.76)	46.04	(46.04)
Financial liabilities	-	-	-	-
<b>Total Variable-rate instruments</b>	70.76	(70.76)	46.04	(46.04)
Cash flow sensitivity (net)	70.76	(70.76)	46.04	(46.04)

### vi) Equity and commodity price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Company has no exposure to changes in the quoted equity securities price risk as it has investments in unquoted equity instruments only. The Company does not invest in commodities and is not exposed to commodity price risk.

### M. Capital Management

The Company strives is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns and levels of borrowings and the advantages and security afforded by a sound capital position.



The Company's adjusted net debt to equity ratio is as follows.

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Total borrowings <sup>1</sup>	<b>33,918.61</b>	40,195.91
Less: Cash and bank balances <sup>2</sup>	<b>(67.72)</b>	(257.93)
Adjusted net debt	<b>33,850.89</b>	39,937.98
Total equity	<b>2,25,715.14</b>	2,18,724.67
Less: Other components of equity	<b>(7,501.44)</b>	(7,501.44)
Adjusted equity	<b>2,18,213.70</b>	2,11,223.23
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.16</b>	0.19

1 Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities.

2 Cash and bank balances comprises of cash in hand, cash at bank and term deposits with banks excluding consortium member balances in ESCROW account, as disclosed under Note 15 (b) and balances with bank as unclaimed dividend.

## N. Derivatives

### Derivatives not designated as hedging instruments

The Company uses foreign currency forward contracts to manage its exposure to foreign currency fluctuations. These forward contracts are used to hedge foreign currency payables and other future transactions. However, these foreign exchange forward contracts are not designated as qualifying hedge instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, and are generally for a term of 3 months to 12 months.

The Company has following outstanding forward contracts as on

31 March 2020: JPY Nil (INR Nil) [Previous Year - JPY Nil (INR Nil)]

31 March 2020: EUR Nil (INR Nil) [Previous Year - EUR Nil (INR Nil)]

31 March 2020: USD Nil (INR Nil) [Previous Year: USD NIL (INR Nil)]

The fair value of foreign currency forward derivative is as below:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
	INR	INR
<b>Derivative assets</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
	INR	INR
<b>Derivative liabilities</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-

The Company has unhedged foreign currency exposure of ₹16261.27 Lakhs (31 March 2019: ₹20610.15 Lakhs) for payables as at reporting date.

The Company has applied the principles of Ind AS 109 for the measurement of derivative financial instruments and has classified such derivative contracts as at fair value through profit or loss.

**O.** On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the following IND AS amendment vide the Companies (Indian Accounting Standards) Amendment Rules, 2019 . The amendment is applicable from 1st April, 2019.

## 1. IND AS 116

### LEASES

The core principle of the new standard is for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity.

**P.** The spread of COVID-19 Pandemic and subsequent lockdown in the last week of March 2020, has impacted the Company's turnover and production due to the closure of Company's manufacturing facilities, disruption in spares & service business, non receipt of materials due to global Covid impact even before the lockdown in the Country on account of supply chain disruptions, restrictive movements /non availability of required trailers etc, the impact of which could not be quantified.

Based on the information available (internal as well as external) upto the date of approval of these financial results, Company expects to recover the carrying amounts of intangible assets, trade receivables, inventory and other financial Assets. Efforts are being made to minimize the impact and Company will continue to closely monitor the developments & future economic & business outlook and its impact on Company's future financial statements.

As per our report of even date attached  
 For **V. KRISHNAN & CO.,**  
 Chartered Accountants  
 Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**  
 Partner  
 Membership No.: 217774

Place: Bengaluru  
 Date : 27.06.2020

For and on behalf of the Board of Directors

**SURAJ PRAKASH**  
 Director (Finance)  
 (DIN 08124871)

**D K HOTA**  
 Chairman & Managing Director  
 (DIN 06600812)

**S V RAVI SEK HAR RAO**  
 Company Secretary

## **INDEPENDENT AUDITOR'S REPORT**

To the members of **BEML LIMITED**

### **Report on the Standalone Financial Statements**

#### **Opinion**

1. We have audited the accompanying standalone financial statements of **BEML LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").
2. 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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2020 and its **PROFIT**, change in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion:**

3. We conducted our audit in accordance with the Standards on Auditing [SAs] specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the audit of financial statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements

that are relevant to our audit of financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter:**

4. We draw our attention to:
  - a) Note No. 11(a) in respect of the amount advanced to MAMC consortium for Rs.6053.89 lakhs, realization /settlement of which depends on approval from Ministry of Defence and viable business plan.
  - b) Note No.14 in respect of Trade receivable from MOD Rs. 4,929..12 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 company has received the requisite amendment to the contract in this regard from MOD towards acceptance of BEML's claim on account of exchange rate variation in Euro and the realization of these receivables depends on the final determination of the amount payable by MOD
  - c) Refer Note 18 (ii) with respect to Claims outstanding from railway board an Inter- Ministerial Committee has been formed by MOD to resolve the issues and the company does not expect material impact on its realization.
  - d) Note No. 39(G) regarding pending confirmation, reconciliation, review/ adjustment of balances in respect of

advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.

- e) Note No. 39(P) with respect to impact of COVID 19 and its consequential impact.

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

5. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

#### Key Audit Matters:

Sl. No.	Key Audit Matters	Auditor's Response
a	<p><b><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):</i></b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p><i>Refer Note 30 to the Standalone Financial Statements</i></p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>o Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>o Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>o Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Company.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to</li> </ul> </li> </ul>

SI. No.	Key Audit Matters	Auditor's Response
		<p>compute revenue and to test the basis of estimation of the variable consideration.</p> <ul style="list-style-type: none"> <li>• In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.</li> <li>• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>• We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul>
b	<p><b>Recoverability and assessment of Trade Receivables, advances, balances with government departments</b></p> <p>The Company has net trade receivable (Note No.14) of Rs. 1,51,037.35 lakhs after providing for impairment of Rs. 22,509.24 lakhs and net Advances &amp; balances with Government Departments (Note No. 18) of Rs. 23,708.80 lakhs after providing for impairment of Rs. 9,718.55 lakhs Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of (i) Earth Moving equipment (ii) Rail &amp; Metro Products (iii) Defence products (iv) spares and services (v) Advance to Vendors and (vi) Duties and taxes etc.</p>	<p><b>Principal Audit Procedures</b> We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>o Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis.</li> <li>o Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed.</li> <li>o Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and latest correspondence with</li> </ul>

SI. No.	Key Audit Matters	Auditor's Response
	<p>These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realisable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p>customers and to consider if any additional provision should be made; and</p> <ul style="list-style-type: none"> <li>o Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.</li> </ul> <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p> <p>We have drawn attention in Emphasis of Matters on trade receivables, advances and balances with government departments which, in our judgement, are fundamental to the users' understanding of the financial statements.</p>
C	<p><b>Disputes and potential litigations:</b> <i>Refer to Note 39.D.I.a.i. in the standalone financial statements</i></p> <p>The Company is involved in legal proceedings on disputed tax demands. The company's management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands.</p> <p>Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes. We verified the demands with extracts of concerned web-portals produced on, sample basis.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements:**

7. 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, changes in equity 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. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements:**

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material

misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other Legal and Regulatory Requirements

11. 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 Companies Act, 2013, we give in the **Annexure-A** a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.



12. 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 purposes 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, Statement of Changes in Equity and 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 Ind AS 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 section 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's

financial statements and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**.

- g) With respect to 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 standalone financial statements. Refer Note 39(D)(I)(a)(ii) of standalone financial statements.
  - ii. The Company did not have any derivative contracts but have provided material foreseeable losses of Rs.120.18 Lakhs ( PY Rs. 1123.57 Lakhs) for onerous contracts (Refer Note 37).
  - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.

13. As required by Section 143(5) of the Act, which is applicable to the Company, we give our separate report in **Annexure – C**

For **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

Place: Bengaluru (camp)  
Date : 27.06.2020

**J. SIVAKUMAR - Partner**  
Membership No.: 217774

## ANNEXURE - A

### Referred in paragraph 11 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2020

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 have been noticed between the book records and physical verification of fixed assets.
- (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 Rs. 33.00 lakhs (carrying value Rs.15.34 lakhs) situated at Mumbai and Ranchi are pending for registration / khatha transfer .
  - 2) As explained to us, Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
  - 3) As explained to us, free hold land measuring 560 acres at Mysore costing Rs. 307.58 lakhs (including additional

compensation of Rs. 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 Rs. 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 Rs. 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 Rs. 1452.95 lakhs ( with carrying value of Rs.903.83 Lakhs) on Buildings included in Property, Plant and Equipment (Note 3) 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 - Rs. 4.04 lakhs
- b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
- c) Office building at Nagpur - Rs. 27.18 lakhs
- 7) The Company has initiated legal action to obtain possession of 1.88 acres of land out of 5 acres at Tatisileai, Arra Village, Ranchi.
- 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, 2020 for a period of more than six months from the date they became 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 :-

Name Of The Statute	Nature Of Disputed Tax	Amount (Rs. Lakhs)	Period To Which The Amount Relates	Forum Where The Dispute Is Pending
Central Excise Act, 1944	Excise Duty incl. Interest and Penalty	28,487.19	2007-08 to June 2017	CESTAT, Bangalore
	Excise Duty incl. Interest and Penalty	375.09	2013-14	Appellate Authority
	National Calamity Contingency Duty	1,305.68	2014-15	CESTAT
	<b>Total Excise Duty</b>	<b>30,167.95</b>		
Service Tax Act, 1994	Service Tax including penalty	430.25	Feb 2014 to March 2015	CESTAT, Bangalore
	Service Tax	2,100.50	2009-10 to 2016-17	Appellate Authority
	<b>Total Service Tax</b>	<b>2,530.75</b>		
The Customs Act, 1962	Customs Duty	2,226.97	2008-09 to 2016-17	CESTAT, Chennai
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	690.11	2012	City Municipality council - KGF
	Property Tax	109.11	1995-96 to 2005-06	City Civil Judge, Bangalore
	<b>Total ED, Service Tax, CD &amp; Property tax</b>	<b>35,724.89</b>		
Sales Tax Act of Various States	Sales Tax /VAT	10.24	2003-04	Maharashtra Sales Tax tribunal
	Sales Tax /VAT	6,650.29	January 2008 to 2017-18	Karnataka Sales Tax tribunal
	Sales Tax /VAT	500.40	2009-10, 2015-16	WB Commercial taxes Appellate and Revision Board, Kolkatta
	Sales Tax /VAT	1,875.61	From 2004-05 to 2016-17	Other appellate authorities
	<b>Total Sales Tax / VAT</b>	<b>9,036.54</b>		
	<b>Grand Total</b>	<b>44,761.43</b>		
Amount Deposited under Protest	Central Excise/Customs	208.07		
Amount Deposited under Protest	Sales Tax VAT	3,115.00		
	<b>TOTAL</b>	<b>3,323.07</b>		

- 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 39C in the standalone 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 and accordingly paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv) The company has not entered into any non-cash transactions with directors or persons connected with him and accordingly paragraph 3 (xv) of the Order is not applicable to the Company.
- 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 **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

Place: Bengaluru (camp)  
Date : 27.06.2020

**J. SIVAKUMAR - Partner**  
Membership No.: 217774

**Referred in clause (f), paragraph 12 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2020**

**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 **M/s. BEML LIMITED** (hereinafter referred as "**the Company**") as of March 31, 2020 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 (the Guidance Note) issued by the Institute of Chartered Accountants of India [ICAI]. 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 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, 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 judgement, including the assessment of the risks of material misstatement of the standalone 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 control 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 control 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 unauthorized 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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 **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

Place: Bengaluru (camp)  
Date : 27.06.2020

**J. SIVAKUMAR - Partner**  
Membership No.: 217774

**Referred in paragraph 13 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2020**

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

- I. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Comment: Yes, the company has system in place to process all the accounting transactions through IT system. We observed that no accounting transactions are processed outside IT system on the integrity of the accounts.

- II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Comment: There are no instances of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc made by a lender to the company due to company's inability to repay the loan.

- III. Whether funds received/receivable for specific schemes from central / state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Comment: The Company, during the year of audit, has not received/receivable of funds for specific schemes from Central/State agencies.

For **V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

Place: Bengaluru (camp)  
Date : 27.06.2020

**J. SIVAKUMAR - Partner**  
Membership No.: 217774





लोकहितार्थ सत्यनिष्ठा  
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प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and ex-Officio MEMBER, AUDIT BOARD,  
BENGALURU - 560 001.

दिनांक/DATE :

19 August 2020

To  
Shri Deepak Kumar Hota,  
Chairman and Managing Director,  
M/s. BEML Limited,  
BEML Soudha, S.R.Nagar,  
Bangalore-560 027.

Sir,

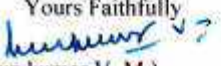
Sub: Comments of the Comptroller and Auditor General of India under  
Section 143(6)(b) of the Companies Act, 2013 on the  
Standalone and Consolidated Financial Statements of M/s **BEML Limited,**  
**Bengaluru** for the year ended 31 March 2020.

I forward "Nil Comments" Certificates 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 Standalone and Consolidated Financial  
Statements of M/s. **BEML Limited, Bengaluru** for the year ended 31 March 2020.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and
- (iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper  
indication to the index.

The receipt of this letter may please be acknowledged.

Yours Faithfully  
  
(Arun kumar V. M.)  
Deputy Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001

दृ.भा/Phone : 2226 7646 / 2226 1168  
E-mail : mabbangalore@cag.gov.in

फैक्स/Fax : 080-2226 2491

**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 2020**

The preparation of financial statements of **M/s. BEML, Bengaluru** for the year ended 31 March 2020 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 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **M/s. BEML Limited, Bengaluru** for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

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

  
(Santosh Kumar) 19/08/2020

**Principal Director of Commercial Audit**

**Place: Bengaluru**

**Date: 19 August 2020**

## **CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES**

### **Note no. 1: Corporate Information :**

The accompanying consolidated financial statements comprise of the financial statements of BEML Limited (the Company), its subsidiaries viz., Vignyan Industries Ltd and MAMC Industries Ltd (referred collectively as the 'Group') and the Groups interest in associates and Joint ventures for the year ended 31 March 2020. The Group manufactures and supplies defence ground support equipment such as Tatra based high mobility trucks, aircraft towing tractors etc. Under Mining and Construction business, the Group manufactures and supplies equipment like bull dozers, excavators, dumpers, shovels, loaders and motor graders to various user segments and under Rail and Metro business, manufactures and supplies rail coaches, metro cars, ACEMUs, OHE cars, steel and aluminium wagons to the rail and metro sector. Information on other related party and nature of relationships of the Group is provided in Note 39C. These financial statements were authorised for issue in accordance with a resolution of the directors on 27-06-2020.

### **Note no. 2: Consolidated Significant accounting policies**

#### **2.1. Basis of preparation and Statement of Compliance**

- a. The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These financial statements for the year ended 31 March 2020 with comparatives of year ended 31 March 2019 are prepared in accordance with Ind AS.

- b. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
- Derivative financial instruments,
  - Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
  - Defined benefit and other long-term employee benefits obligations.
- c. The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Group and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise

indicated.

- d. Preparation of the financial statements, in conformity with Ind AS, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates.
- e. Assets and liabilities have been classified as current or non-current as per the Group'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 Group's operating cycle is considered as twelve months for the purpose of current / non-current classification of assets and liabilities.
- f. The Group revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively. A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors result in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

#### **g. Basis of Consolidation:**

- (i) Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on

which control ceases.

- (ii) Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

- (iii) Equity accounted investees: The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

- (iv) Transactions eliminated on consolidation: Intra group balances and transactions and any unrealized income and expenses arising from intra group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## 2.2 Summary of consolidated significant accounting policies

### A. Revenue Recognition:

Sales is exclusive of GST.

#### Revenue from contracts with customers:

Revenue is recognised, on the transfer of

promised goods or services, by way of allocating transaction price, being amount of consideration which an entity expects/entitles in exchange for transferring promised goods or services to a customer, to the extent of performance obligation satisfied in a contract.

#### i. Satisfaction of performance obligation over time

- a. Revenue is recognised overtime where the transfer of control of goods or services takes place over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:

- the Group's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- the Group's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

- b. Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

- c. For measurement of satisfaction of performance obligation over time, input cost method is adopted.

#### ii Satisfaction of performance obligation at a point in time

- a. In respect of cases where the transfer of control does not take place over time, the Group recognises the revenue at a point in time when it satisfies the performance obligations.

- b. The performance obligation is satisfied when the customer obtains control of

the asset. The indicators for transfer of control include the following:

- the Group has transferred physical possession of the asset
  - the customer has legal title to the asset
  - the customer has accepted the asset
  - when the Group has a present right to payment for the asset
  - the Group has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco- terms of the contracts.
- c. Bill and hold Sales
- Bill and hold sales is recognised when all the following criteria are met:
- the reason for the bill and hold sales is substantive
  - the product is identified separately as belonging to the customer
  - the product is currently ready for physical transfer to the customer
  - the Group does not have the ability to use the product or to direct it to another customer

**Escalation:**

Escalation in prices are recognized as revenue as per the escalation formula provided in the contract. In the absence of such a clause in the contract, any claim for the same is recognized on acceptance by the customer.

**Duty Drawback:**

Duty drawback claims on exports are accounted on preferring the claims.

**Revenue from wind energy:**

Revenue from generation of electricity from wind mill is recognized when the electricity is supplied to industrial electricity distribution license holder as per the terms of agreement.

**Other Income**

**(i) Interest income:**

Interest Income is recognized using the effective interest rate (EIR) on a time proportion basis and as per the

terms of the relevant instrument.

**(ii) Dividends:**

Dividend income is recognized when the Group's right to receive the payment is established.

**(iii) Rental income:**

Rental income arising from operating leases is accounted for on a straight-line basis over the non-cancellable lease term unless increases in rentals are in line with expected inflation.

**B. Investments in associates and joint venture**

The Group accounts for its interests in associates and joint ventures in the separate financial statements at cost.

**C. Foreign Currencies:**

Transactions in foreign currencies are initially recorded by the Group at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**D. Fair value measurement:**

The Group measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

**E. Discontinued operation:**

Classification of an operation as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

#### **F. Government Grants:**

Government Grants are recognized as follows when there is reasonable assurance that the grant will be received and all attached terms and conditions will be complied with.

- (i) Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred.
- (ii) Grant towards procurement of an asset is recognized as income in equal amounts over the expected useful life of the related asset.
- (iii) Grant towards non-monetary assets are recognized at fair value and released to Statement of profit and loss over the expected useful life.
- (iv) The subsidized portion of interest rate provided by the Government on loans or similar financial assistance is recognized as grant.

#### **G. Income Taxes:**

##### **Current income tax:**

Current tax assets and liabilities are measured at the amount to be recovered from or paid to the taxation authorities as per the applicable tax laws at the reporting date in Statement of profit and loss.

##### **Deferred tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

For the items directly recognized in Equity, the current and deferred tax pertaining to such item is recognized through Equity.

#### **H. Property, Plant & Equipment:**

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure on acquisition of asset, present value of expected cost for the decommissioning of an asset, cost of replacing part of Plant and Equipment and borrowing costs.

Depreciation is calculated on a straight line basis over estimated useful lives as

prescribed in schedule II of the companies Act 2013. In respect of the following assets, useful lives are different than the useful lives indicated in Schedule II of Companies Act 2013, based on technical assessment and management estimates depending on the nature and usage of the respective assets.

- (a) Special tools up to the unit value of ₹5,000 are charged off in the year of incurrence and Special tools to the unit value above ₹5,000 are amortised over a period of 3 years.
- (b) Jigs and fixtures up to the unit value of ₹5 Lakhs are charged off in the year of incurrence and Jigs and fixtures of unit value above ₹5 Lakhs are amortised over a period of 3 years.

When parts of an item of property, plant and equipment have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

Any gain or loss arising out of derecognizing of an asset is included in statement of Profit and Loss of the relevant period.

Products given under No Cost No Commitment are capitalised appropriately under the relevant asset category and amortised over the useful life of that asset. They are also tested for impairment periodically.

Expenditure incurred on Developmental Projects for participating in trials, based on Request from customers, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order does not forthcoming or on discontinuation of project, the balance amount will be either capitalised if further economic benefit is expected from its use or will be charged off.

#### **I. Investment Property:**

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss if any. The fair value of the Investment property is disclosed in the notes.

#### **J. Intangible Assets:**

- (i) Intangible assets acquired are stated at acquisition cost, less accumulated amortization and accumulated

- impairment losses if any
- (ii) Research costs are expensed as incurred
- (iii) Development expenditure is recognized as Intangible assets and tested for impairment annually during the period of development
- (iv) Expenditure on development of products intended for sale is included in inventory.
- (v) Intangible Assets referred above includes the cost of materials, direct labour, overhead costs, borrowing costs that are directly attributable to the respective asset for its intended use.

**Amortization**

Intangible assets are amortized over useful economic life and assessed for impairment if any. Where it is not possible to assess the useful economic life of an intangible asset, the same is not amortized and reviewed annually for impairment if any.

**K. Borrowing Cost:**

Borrowing costs directly attributable to creation of an asset are capitalized as part of the cost of the asset. General borrowing costs are capitalized by apportioning the same to qualifying assets.

**L. Lease:**

Contracts with third party, which give the Group the right of use in respect of an identified Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.

A lease is classified at the inception date as a finance lease or an operating lease by lessor whereas lessee will follow the Single lease accounting (i.e. same as finance lease).

**Group as a lessee:**

Lessee will recognize right-of-use asset and lease liability, for all leases, except short term lease and leases for which underlying asset is of low value.

Short term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not contain a purchase option.

An underlying asset can be of low value only if:

- (a) the lessee can benefit from use of the underlying asset on its own or together with other resources that are readily

available to the lessee; and

- (b) The underlying asset is not highly dependent on, or highly interrelated with, other assets.

The initial value of lease liability shall be determined at the present value of the lease payments due. The interest rate implicit in the lease or lessee's incremental borrowing may be used to arrive at the present value of the lease payments due. The lease liability is subsequently measured by **increasing** the carrying amount to reflect interest on the lease liability and **reducing** the carrying amount to reflect the lease payments made.

Leases will be recognised where the value of new individual asset is more than Rs.2 Lakhs.

At the commencement date, the Group as lessee measures the right of use asset at cost. The cost of "right of use" asset is determined at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of Plant, property and equipment schedule in the Balance Sheet.

Lessee would recognize depreciation expense on the right of use asset using the straight line method from the commencement date to the end of lease term or useful life of the asset, whichever is earlier.

**Group as a lessor:**

In case of an operating lease, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the leased asset. In case of finance leases, amounts due from lessees are recorded as receivables.

**M. Inventory:**

Inventories are valued at the lower of cost and net realizable value. Cost for the purpose of the above is accounted as under:

- (i) Raw materials, Components, Stores & Spare parts: weighted average cost
- (ii) Finished goods and Work in Progress: Cost of materials, labour and production overheads

Scrap is valued at estimated realizable value.

Based on ageing assessment, on a periodic basis an allowance is recognized for obsolete, non-moving inventory.

**N. Impairment of non-financial assets:**

The Group assesses at each reporting date for

impairment of asset or cash generating units (CGU). If on assessment, the asset or CGU is considered impaired they are written down to the recoverable amount.

**O. Employee Benefits:**

**Short-term employee benefits:**

Short-term employee benefits are expensed as the related service is rendered.

**Defined benefit plans:**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by actuarial valuation conducted annually by a qualified actuary using the projected unit credit method.

Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is recognized in the statement of profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss.

**Other long-term employee benefits:**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

**Defined contribution plan:**

For defined contribution plans, the Group contributes to independently administered funds as per relevant scheme. These contributions are recorded in the statement of profit and loss. The Group's liability is limited to the extent of contributions made to these funds.

**P. Provisions:**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted. Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

**Warranty provisions:**

Provision for warranty related costs are recognized on sale of product or service rendered based on historical experience and technical assessment and reviewed annually.

**Onerous contracts:**

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

**Q. Financial Assets:**

**Recognition and measurement:**

All financial assets are recognized initially at fair value. Subsequently, financial assets are measured at fair value or amortized cost based on their classification.

**Embedded derivative:**

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. If the hybrid contains a host that is not an asset within the scope of Ind AS 109, the embedded derivative is separated and accounted at fair value.

**Derecognition :**

A financial asset or part of a financial asset is derecognized when the rights to receive cash flows from the asset have expired.

**Trade and other receivables:**

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

**Cash and cash equivalents:**

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original



maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

**Impairment of financial assets:**

In accordance with Ind-AS 109, the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

**R. Financial Liabilities:**

**Recognition and measurement:**

Financial liabilities are classified, at initial recognition, at fair value through statement of profit and loss as loans, borrowings, payables, or derivatives, as appropriate.

Financial liabilities are measured based on their classification at fair value through statement of profit and loss, amortized cost or fair value through other comprehensive income.

**Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**Trade and other payables:**

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

**S. Financial Assets and Liabilities Reclassification:**

**Reclassification of financial Assets and Liabilities:**

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For other financial assets, a reclassification is made prospectively only if there is a change in the business model for managing those assets.

**Offsetting of financial Assets and Liabilities:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

**T. Earnings per share:**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**U. Cash dividend and non-cash distribution to equity shareholders:**

The Group recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group.

**V. Events after the reporting period:**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

Place: Bengaluru  
Date: 27-06-2020

**S V RAVI SEKHAR RAO**  
Company Secretary

## CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3	56,933.07	58,406.80
(b) Right of Use Asset	3A	874.59	-
(c) Capital work-in-progress	4	1,542.44	2,545.06
(d) Intangible assets	5	4,281.20	4,681.36
(e) Intangible assets under development	6	-	-
(f) Financial assets			
(i) Investments	7	0.04	0.04
(ii) Loans	8	9.96	9.06
(iii) Other financial assets	9	54.32	50.75
(g) Deferred tax assets (net)	10	20,839.68	11,788.23
(h) Other non-current assets	11	6,377.67	6,274.86
<b>Total non-current assets</b>		<b>90,912.96</b>	<b>83,756.16</b>
<b>(2) Current assets</b>			
(a) Inventories	12	200,772.18	170,951.42
(b) Financial Assets			
(i) Investments	13	-	-
(ii) Trade receivables	14	151,037.35	161,396.29
(iii) Contract Assets	14a	30,384.85	48,916.36
(iv) Cash and cash equivalents	15	2,734.32	2,237.07
(v) Bank Balance Other than (iv) above	15a	50.95	905.87
(vi) Loans	16	-	817.28
(vii) Other financial assets	17	608.97	644.29
(viii) Current tax assets (Net)	17a	7,152.98	7,568.91
(c) Other current assets	18	23,521.02	24,045.35
<b>Total current assets</b>		<b>416,262.62</b>	<b>417,482.84</b>
<b>Total Assets</b>		<b>507,175.58</b>	<b>501,239.00</b>
<b>II. Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	19	4,177.22	4,177.22
(b) Other Equity		221,100.07	214,559.86
<b>Equity attributable to equity holders of the parent</b>		<b>225,277.29</b>	<b>218,737.08</b>
<b>Non-controlling interests</b>		<b>3.75</b>	<b>19.80</b>
<b>Total Equity</b>		<b>225,281.04</b>	<b>218,756.88</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	20,149.48	30,296.68
(ii) Other financial liabilities	21	41.60	41.60
(b) Provisions	22	18,634.91	17,571.38
(c) Other non-current liabilities	23	98,356.62	33,346.48
<b>Total non-current liabilities</b>		<b>137,182.62</b>	<b>81,256.14</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	3,811.03	9,917.27
(ii) Trade payables	25		
(A) Micro & Small Enterprises		2,998.39	2,574.35
(B) Other than Micro & Small Enterprises		63,476.06	74,123.13
(iii) Other financial liabilities	26	12,399.49	3,882.06
(b) Other current liabilities	27	40,624.96	75,836.36
(c) Provisions	28	21,401.98	30,924.66
(d) Current tax liabilities (Net)	29	-	3,968.15
<b>Total current liabilities</b>		<b>144,711.92</b>	<b>201,225.98</b>
<b>Total Equity and Liabilities</b>		<b>507,175.58</b>	<b>501,239.00</b>

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statement.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

Place: Bengaluru  
Date: 27-06-2020

**S V RAVI SEKHAH RAO**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>I</b> Revenue from operations	30	<b>302,543.50</b>	347,424.84
<b>II</b> Other income	31	<b>4,856.05</b>	2,323.83
<b>III Total Income (I+II)</b>		<b>307,399.55</b>	349,748.67
<b>IV Expenses:</b>			
Cost of materials consumed	32	<b>188,155.82</b>	195,062.91
Purchase of stock-in-trade	33	-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	<b>(29,147.08)</b>	1,651.74
Employee benefits expense	35	<b>84,807.16</b>	80,574.92
Finance costs	36	<b>4,073.54</b>	5,960.51
Depreciation and amortization expense	3,5	<b>7,237.97</b>	7,072.62
Other expenses	37	<b>50,335.65</b>	46,381.21
<b>Total Expenses (IV)</b>		<b>305,463.06</b>	336,703.91
<b>V</b> Profit / (Loss) before exceptional items and tax (III-IV)		<b>1,936.48</b>	13,044.76
<b>VI</b> Add/ (Less) : Exceptional items	38	-	-
<b>VII Profit / (Loss) before tax (V-VI)</b>		<b>1,936.48</b>	13,044.76
<b>VIII Tax expense:</b>			
(1) Current tax	10 a	-	4,668.04
(2) MAT credit entitlement	10 a	-	-
(3) Deferred tax	10 a	<b>(4,431.99)</b>	2,060.55
<b>IX</b> Profit / (Loss) for the year from continuing operations (VII-VIII)		<b>6,368.47</b>	6,316.17
<b>X</b> Profit / (Loss) from discontinuing operations		-	-
<b>XI</b> Tax expense of discontinued operations		-	-
<b>XII</b> Profit / (Loss) from discontinued operations (after tax) (X-XI)	-	-	-
<b>XIII Profit / (Loss) for the year (IX+XII)</b>		<b>6,368.47</b>	6,316.17
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit (liability) / asset		<b>(4,897.99)</b>	(2,053.79)
(ii) Income tax relating to items that will not be reclassified to profit or loss	10 b	<b>543.69</b>	709.35
B (i) Items that will be reclassified to profit or loss		-	-
Exchange differences on translation of foreign operations	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income for the year</b>		<b>(4,354.30)</b>	(1,344.44)
<b>XV Total Comprehensive Income for the year (XIII+XIV)</b>		<b>2,014.17</b>	4,971.73
<b>Profit for the year</b>		<b>6,368.47</b>	6,316.17
Attributable to:			
Equity holders of the Group		<b>6,384.52</b>	6,318.11
Non-controlling interests		<b>(16.05)</b>	(1.94)
<b>Total Comprehensive Income for the year</b>		<b>2,014.17</b>	4,971.73
Attributable to:			
Equity holders of the Group		<b>2,030.22</b>	4,973.67
Non-controlling interests		<b>(16.05)</b>	(1.94)
<b>XVI Earnings per equity share: (₹10/- each) in ₹</b>			
Basic and diluted	39(A)	<b>15.29</b>	15.17

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statement.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**

Partner

Membership No.: 217774

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

Place: Bengaluru

Date: 27-06-2020

**S V RAVI SEK HAR RAO**

Company Secretary

## CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020		For the Year ended 31st March 2019	
	Sub items	Main items	Sub items	Main items
<b>A. Cash flow from operating activities</b>				
Net profit before tax and extraordinary items		1,936.48		13,044.76
<i>Adjustments for</i>				
Depreciation and amortization expense	7,237.97		7,072.62	
(Gain)/loss on disposal of property, plant and equipment	(23.32)		(5.43)	
Foreign exchange loss / (gain)	(64.94)		44.07	
Allowance for obsolescence			817.90	
Bad debts written off	-		-	
Financing Cost	4,073.54		5,960.51	
Interest income	(82.85)		(194.07)	
Other Provisions / Allowances	(15,847.18)	(4,706.78)	(5,735.80)	7,959.80
<b>Operating Profit / (Loss) before changes in working capital</b>		(2,770.29)		21,004.56
<i>Adjustment for</i>				
Inventories	(30,693.63)		8,226.01	
Trade & other receivables	26,953.71		(41,158.98)	
Other current assets	(8,357.26)		2,067.33	
Trade payables	(10,158.19)		22,648.03	
Other payables	28,312.54	6,057.16	15,369.49	7,151.88
<b>Cash generated from operations</b>		3,286.86		28,156.44
Direct taxes (paid) / refunded		7,297.03		(2,474.53)
<b>Net cash flow from / (used in) operating activities</b>		10,583.89		25,681.91
<b>B. Cash flow from investing activities</b>				
Purchase of property, plant and equipment	(5,214.95)		(6,060.84)	
Purchase of intangible assets	(500.22)		(408.70)	
Sale of property, plant and equipment	502.45		35.71	
Sale of intangible assets				
Investments in subsidiaries	-		-	
Interest Received	84.49		190.69	
<b>Net cash flow from / (used in) investing activities</b>		(5,128.23)		(6,243.14)
<b>C. Cash flow from financing activities</b>				
Proceeds/(Repayments) from/to ECB & long-term borrowings	-		-	
Proceeds/(Repayments) of Inter corporate loans	-		-	
Proceeds/(Repayments) of Soft loan	(146.06)		(609.71)	
Financing Cost	(4,071.04)		(5,962.19)	
Adjustment in retained earnings	7,020.23		(57.73)	
Dividend & Tax paid for equity shares	(2,510.24)		(6,289.76)	
<b>Net cash flow from / (used in) financing activities</b>		292.89		(12,919.39)
<b>Net increase/(decrease) in cash and cash equivalents</b>		5,748.56		6,519.38
<b>Cash and Cash Equivalents, Beginning of the year</b>		(6,774.33)		(13,293.71)
<b>Cash and Cash Equivalents, Ending of the year (Refer Note 15 d)</b>		(1,025.77)		(6,774.33)

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**

Partner

Membership No.: 217774

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

Place: Bengaluru

Date: 27-06-2020

**S V RAVI SEKHAR RAO**

Company Secretary

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2020

### A. Equity share capital

(₹ in Lakhs)

Particulars	No. of Shares	Amount
Balance as on 01.04.2019	41,644,500	4,164.45
Changes in equity share capital during the year	-	-
<b>Balance as on 31.03.2020</b>	<b>41,644,500</b>	<b>4,164.45</b>

### B. Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus					Items of OCI		Nonimara Excellence Award Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Total attributable to Equity holders of the Group	Non-controlling interests	Total Equity
	Capital Reserve	Capital Reserve on Consolidation	Share Premium	General Reserve	Retained Earnings	Other items of OCI	Foreign Currency Translation Account						
Balance as on 01.04.2019	105.82	26.60	61,204.09	118,989.29	37,410.84	(10,688.22)	-	1.44	10.00	7,500.00	214,559.86	19.80	214,579.66
Reinstatement Adjustment on account of prior period	-	-	-	-	7,020.23	-	-	-	-	-	7,020.23	-	7,020.23
Reinstated Balance as on 01.04.2019	105.82	26.60	61,204.09	118,989.29	44,431.07	(10,688.22)	-	1.44	10.00	7,500.00	221,580.09	19.80	221,599.89
Profit / (Loss) for the year	-	-	-	-	6,384.52	-	-	-	-	-	6,384.52	(16.05)	6,368.47
Other Comprehensive Income for the year	-	-	-	-	-	(4,354.30)	-	-	-	-	(4,354.30)	-	(4,354.30)
<b>Total comprehensive income for the year</b>	-	-	-	-	6,384.52	(4,354.30)	-	-	-	-	2,030.22	(16.05)	2,014.17
Transfer to													
- Debenture Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
- Retained earnings	-	-	-	7.73	(7.73)	-	-	-	-	-	-	-	-
Transaction with owners													
- Dividend	-	-	-	-	(2,082.24)	-	-	-	-	-	(2,082.24)	-	(2,082.24)
- Tax on Dividend	-	-	-	-	(428.00)	-	-	-	-	-	(428.00)	-	(428.00)
<b>Balance as on 31.03.2020</b>	<b>105.82</b>	<b>26.60</b>	<b>61,204.09</b>	<b>118,997.02</b>	<b>48,297.62</b>	<b>(15,042.52)</b>	<b>-</b>	<b>1.44</b>	<b>10.00</b>	<b>7,500.00</b>	<b>221,100.07</b>	<b>3.75</b>	<b>221,103.82</b>

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**

Partner

Membership No.: 217774

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

Place: Bengaluru

Date: 27-06-2020

**S V RAVI SEKHAR RAO**

Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Note 3: Consolidated Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated depreciation and impairment				Net Carrying value	
	As at	Additions	Deduction / Re-classification & Adjustments	As at	As at	For the Year	Deduction / Re-classification & Adjustments	As at	As at	As at
	01.04.2019	during the year	during the year	31.03.2020	01.04.2019		during the year	31.03.2020	31.03.2020	31.03.2019
Land										
Free Hold	1,286.25	-	-	1,286.25	0.01	-	-	0.01	1,286.24	1,286.24
Lease Hold	8,542.16	-	-	8,542.16	165.45	41.33	(1.18)	205.60	8,336.56	8,376.71
Buildings	15,552.26	97.57	0.03	15,649.86	2,799.69	597.54	1.04	3,398.27	12,251.59	12,752.57
Plant and Equipment	40,011.40	2,983.81	(236.33)	42,759.01	10,608.21	3,572.10	(43.15)	14,137.28	28,621.73	29,403.19
Furniture and Fixtures	635.28	38.95	(0.49)	673.74	344.27	63.95	(7.38)	400.84	272.90	291.01
Vehicles										
Given on Lease	466.75	104.56	(39.04)	532.27	110.59	74.07	(30.08)	154.58	377.69	356.16
Own Use	1,525.20	632.86	(368.57)	1,789.49	367.13	228.30	(76.72)	518.71	1,270.78	1,158.07
Office Equipment	456.05	51.10	(0.13)	506.89	201.94	66.60	0.54	268.96	237.93	254.11
Roads and Drains	1,657.45	153.99	(0.56)	1,810.88	1,150.92	260.15	-	1,411.07	399.81	506.53
Water Supply Installations	277.62	-	-	277.62	56.50	21.24	-	77.74	199.88	221.12
Railway sidings	886.40	-	-	886.40	375.56	87.71	-	463.27	423.13	510.84
Electrical Installation	2,342.14	96.37	-	2,438.51	902.45	268.07	-	1,170.52	1,267.99	1,439.68
Jigs and Fixtures	2,386.99	93.27	-	2,480.26	1,735.92	464.26	-	2,200.18	280.08	651.07
Special Tools	1,766.31	291.39	9.29	2,066.99	1,057.34	292.95	0.02	1,350.31	716.68	708.97
Computers and Data processing units	1,489.23	689.31	(24.54)	2,154.00	998.70	189.52	(24.30)	1,163.92	990.08	490.53
<b>Total Tangible Assets</b>	<b>79,281.49</b>	<b>5,233.18</b>	<b>(660.34)</b>	<b>83,854.33</b>	<b>20,874.68</b>	<b>6,227.79</b>	<b>(181.21)</b>	<b>26,921.26</b>	<b>56,933.07</b>	<b>58,406.80</b>
Previous Year	69,343.00	10,325.79	(387.30)	79,281.49	15,087.82	6,141.54	(357.26)	20,874.69	58,406.80	54,255.18

### Note 3a: Consolidated Right of Use Assets

Particulars	Gross carrying value				Accumulated depreciation and impairment				Net Carrying value	
	As at	Additions	Deduction / Re-classification & Adjustments	As at	As at	For the Year	Deduction / Re-classification & Adjustments	As at	As at	As at
	01.04.2019	during the year	during the year	31.03.2020	01.04.2019		during the year	31.03.2020	31.03.2020	31.03.2019
ROU Assets										
Buildings	-	984.39	-	984.39	-	109.80	-	109.80	874.59	-
Total Right of use Assets	-	984.39	-	984.39	-	109.80	-	109.80	874.59	-
Previous Year										

**A.** Carrying value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹1355.04 Lakhs (Previous Year - ₹1110.51 Lakhs).

### **B. Property, Plant and Equipment**

i) Buildings include carrying value of building at Mumbai and Ranchi pending registration / katha

transfer at ₹15.34 Lakhs (Previous Year - ₹15.86 Lakhs)

ii) The group 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 Other non-current assets (Note no.11)). 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 Group had incurred on the above land a sum of ₹1452.95 lakhs (with carrying value - ₹903.83 Lakhs) on Buildings (Previous Year - ₹948.61 lakhs) included in Property, Plant and Equipment 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 group 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 group / 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 560 acres at Mysore costing ₹307.58 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 ₹566.48 Lakhs (Previous Year - ₹554.00 Lakhs) up to period 31st March 2020 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Liability for both interest and additional compensation has been

- created. Registration will be made once the matter is settled with KIADB Board.
- 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) Group 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.
- x) The Group has initiated legal action to obtain possession of 1.88 acres of Land out of 5 acres at Tatisilwai, Arra village, Ranchi.
- xi) For details of property, plant and equipment hypothecated by way of a first charge against borrowings and other facilities availed, refer Note no. 20 and 24
- xii) For information on estimated capital contracts pertaining to the acquisition of property, plant and equipment, refer Note no. 39 D II a.
- xiii) Lease Hold Land (MAMC) includes Land measuring 193.67 acres

valuing ₹540.55 Lakhs (carrying value ₹457.96 Lakhs) taken on lease from Asansol Durgapur Development Authority, Durgapur for a period of 60 years.

- xiv) The land is taken on lease from urban development dept, Govt of West Bengal for a period of 60 (sixty) years on 7th March, 2011. This has been capitalised in the books of the Group. As per the stipulations mentioned in the said lease deed in point no. 25 and subsequent clauses, the Group has not started the factory within two years w.e.f 07th March 2011, it is liable to return the possession of leased land back to U D Dept, Govt of West Bengal and there is open right of the Govt of West Bengal to cancel the lease and re-enter the premises so leased to the Group, If the objection is raised from the Government regarding the starting of the factory, then the company will have to surrender the Land, since it has already been more than 2 years of taking the possession. However there is no demand from Govt of West Bengal in this regard till date.

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

- Plant & Machinery ₹ NIL Lakhs

- D. Since there is no investment property in the Group as on 31.03.2020, fair value of investment property is Nil (Previous Year - Nil)**



**Note 4: Capital work-in-progress**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Building	<b>364.45</b>	218.54
Equipment under inspection and in transit	-	17.64
Machinery	<b>1,009.18</b>	2,140.08
Others	<b>168.80</b>	168.80
<b>Total</b>	<b>1,542.44</b>	2,545.06

**Note 5: Consolidated Intangible assets**

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated amortisation and impairment				Net Carrying value	
	As at 01.04.2019	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Computer software	2,344.44	500.22	-	2,844.66	1,082.17	436.52	-	1,518.69	1,325.97	1,262.27
Technical Know how	5,755.91	-	-	5,755.91	2,343.83	463.86	-	2,807.69	2,948.22	3,412.08
TDR against Land	7.01	-	-	7.01	-	-	-	-	7.01	7.01
<b>Total Intangible Assets</b>	<b>8,107.36</b>	<b>500.22</b>	<b>-</b>	<b>8,607.58</b>	<b>3,426.00</b>	<b>900.38</b>	<b>-</b>	<b>4,326.38</b>	<b>4,281.20</b>	<b>4,681.36</b>
Previous Year	7,698.66	408.70	-	8,107.36	2,497.27	931.08	0.24	3,426.00	4,681.36	5,201.39

**Note 6: Intangible assets under development (internally generated)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
	-	-
<b>Total</b>	-	-

**Note 7: Non-current Investments**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Investments in equity instruments - unquoted at cost</b>		
<b>In Equity Shares of Joint Venture Company:</b>		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each	<b>542.25</b>	542.25
Less: Allowance for impairment of investment	<b>(542.25)</b>	(542.25)
	-	-
Investment in Ordinary Shares of Co-operative Societies - unquoted at cost		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	<b>0.03</b>	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	<b>0.01</b>	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	-	-
	<b>0.04</b>	<b>0.04</b>
<b>Total - Unquoted at cost</b>	<b>0.04</b>	<b>0.04</b>

## Ind AS 28 (Investments in Associates and Joint Ventures)

Names of Joint Ventures	Nature	% holding	Country of Incorporation
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

- a. BEML along with Midwest Granite Private Limited formed a joint venture company in 2007 to conduct excavation and extraction of mineral resources. The agreement was signed in September 2005 whereby BEML has a 45% share in the operations of the joint venture and the remaining 55% is held by Midwest Granite Private Limited.
- b. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2020 due to litigation pending before National Company Law Tribunal. Hence, disclosure requirements under Ind AS-28 (Investments in Associates and Joint Ventures) could not be complied with. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.
- c. 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.

The movement in the allowance for impairment of investment is as follows: (₹ in Lakhs)

Particulars	2019-2020	2018-2019
Balance at the beginning of the year	<b>542.25</b>	542.25
Impairment losses recognised	-	-
Written off during the year	-	-
Credited to profit or loss	-	-
<b>Balance at the end of the year</b>	<b>542.25</b>	542.25

## Note 8: Non-Current - Loans

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, considered good</b>		
Lease Deposits	9.96	9.06
Inter Corporate Loan	-	-
<b>Total</b>	<b>9.96</b>	<b>9.06</b>

Lease deposits represent deposits paid as security for office space and flats taken on rent.

**Note 9: Non-current - Other financial assets**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposit with Customers	-	-
Deposit with service providers	54.32	50.75
<b>Total</b>	<b>54.32</b>	<b>50.75</b>

**Note 10: Deferred tax assets (net)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Deferred Tax Liabilities (DTL)</b>		
Property, plant and equipment	<b>4,058.45</b>	6,519.79
<b>Total DTL (A)</b>	<b>4,058.45</b>	6,519.79
<b>Deferred Tax Assets (DTA)</b>		
Timing differences under the Income Tax Act, 1961	<b>24,829.99</b>	18,239.88
Others	<b>13.12</b>	13.12
Gratuity / Leave Liability	<b>55.02</b>	55.02
<b>Total DTA (B)</b>	<b>24,898.13</b>	18,308.02
<b>Net Total (B-A)</b>	<b>20,839.68</b>	11,788.23

**Note 10: Income taxes**

The substantively enacted tax rate as on 31 March 2020 is 34.94% and as on 31 March 2019 was 34.94% for deferred tax purposes.

**a) Amount recognised in profit or loss**

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
<b>Current tax expense:</b>		
Current tax / Minimum alternate tax (MAT)	-	4,668.04
MAT credit entitlement	-	-
Adjustment of tax related to earlier years	-	-
	-	4,668.04
<b>Deferred tax (income)/expense:</b>		
Origination & reversal of temporary differences	<b>(4,431.99)</b>	2,060.55
<b>Total deferred tax (income)/expense</b>	<b>(4,431.99)</b>	2,060.55
<b>Tax expenses</b>	<b>(4,431.99)</b>	6,728.59

**b) Amount recognised in OCI**

(₹ in Lakhs)

Particulars	31st March 2020			31st March 2019		
	Before Tax	Tax (expense) benefit	Net of Tax	Before Tax	Tax (expense) benefit	Net of Tax
Re-measurement (losses) / gains on post employment defined benefit plans	(4,897.99)	543.69	(4,354.30)	(2,053.79)	709.35	(1,344.44)
<b>Total</b>	<b>(4,897.99)</b>	<b>543.69</b>	<b>(4,354.30)</b>	<b>(2,053.79)</b>	<b>709.35</b>	<b>(1,344.44)</b>

**c) Reconciliation of effective income tax rate**

(₹ in Lakhs)

Particulars	31st March 2020		31st March 2019	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		<b>1,936.48</b>		13,044.76
Tax using the Group's domestic tax rate (Income tax)	<b>34.94%</b>	<b>676.69</b>	34.94%	4,558.36
<b>Tax effect of:</b>				
Carry Forward Loss	<b>0.00%</b>	-	0.10%	13.35
Weighted Deduction for R and D Expenditure	<b>-109.94%</b>	<b>(2,128.97)</b>	-51.47%	(6,713.56)
Non deductible expenses	<b>75.00%</b>	<b>1,452.29</b>	16.42%	2,141.85
Minimum Alternate Tax	<b>0.00%</b>	-	35.78%	4,668.04
Tax incentive	<b>0.00%</b>	-	-	-
Deferred tax	<b>-228.87%</b>	<b>(4,431.99)</b>	15.80%	2,060.55
<b>Total income tax expense for the year</b>	<b>-228.87%</b>	<b>(4,431.99)</b>	51.58%	6,728.59

**d) Movement in deferred tax balances**

(₹ in Lakhs)

Particulars	As on 1st April 2018	Recognised in profit or loss during 2018-19	As at 31st March 2019	Recognised in profit or loss during 2019-20	As at 31st March 2020
Property, plant and equipment	(6,138.56)	(381.23)	(6,519.79)	2,461.34	(4,058.45)
Allowance for doubtful trade receivables	7,403.31	593.91	7,997.22	3,264.46	11,261.68
Voluntary Retirement Expenses	-	-	-	-	-
Provision for Property Tax	123.73	1.20	124.93	-	124.93
Provision for Gratuity	3,872.72	(2,469.01)	1,403.71	(1,350.41)	53.30
Provision for Leave Salary	5,190.95	54.07	5,245.02	119.85	5,364.87
Provision for Performance Related Pay	72.68	149.21	221.89	(221.89)	-
Provision for Contributory medical Scheme	1,925.92	(55.95)	1,869.97	97.09	1,967.06
Provision for Pension	431.81	35.78	467.59	(467.59)	-
Provision for wage revision	954.62	11.12	965.74	(952.62)	13.12
Provision for pending legal cases	11.61	0.33	11.94	(7.82)	4.12
Provision for Direct Expenditure	-	-	-	253.63	253.63
DTA related to Carry forward Loss FY 2019-20	-	-	-	1,235.95	1,235.95
MAT Credit related to prior period	-	-	-	4,075.77	4,075.77
DTA related to Provision for Gratuity & Contributory Medical Scheme (OCI)	-	-	-	543.70	543.70
<b>Net deferred tax assets / (liabilities)</b>	<b>13,848.79</b>	<b>(2,060.57)</b>	<b>11,788.22</b>	<b>9,051.46</b>	<b>20,839.68</b>

**e) Unrecognised deferred tax assets**

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31st March 2020		31st March 2019	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised	-	-	-	-
Tax losses	-	-	-	-
	-	-	-	-

**f) Tax losses carried forward**

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	31st March 2020	Expiry date	31st March 2019	Expiry date
<b>Expire</b>				
Carry forward business loss	<b>(3,536.96)</b>	<b>31.03.2028</b>	-	-
	-	-		
<b>Never expire</b>				
Unabsorbed depreciation	-		-	
	<b>(3,536.96)</b>		-	

**A) Implementation of Appendix C to IND AS-12 Income Taxes**

The Ministry of Corporate Affairs (MCA), Govt. of India vide notification dated 30.03.2019 has introduced Appendix C to Ind AS 12 i.e. Uncertainty over Income Tax Treatment w.e.f 01.04.2019 which calls for recognition and measurement of Tax expenses, Tax Liabilities/Assets when there is any uncertainty over Income Tax Treatment. The Company has assessed the effect of the above Appendix C to Ind AS-12 and determined that there is no impact of the same on the accounts of FY 2019-20.

**B) Adoption of Income Tax Rates**

The Ministry of Law & Justice, Govt. of India vide Gazette notification dated 20.09.2019 introduced section 115BAA with an option to choose revised Tax structure applicable w.e.f 01.04.2019 to Domestic Companies without claiming specific deductions u/s 35(2AB), deduction under Chapter-VIA, MAT Credit benefits, Carry Forward Business Losses, Additional Depreciation u/s 32(1)(ia) and other deductions as specified in the said section.

**C) Disclosure under Ind AS-8 , for adjustment of prior period items**

**1. Nature of the Prior Period Item:**

There was a mistake in Computation of Total Taxable Income and Deferred Tax Assets/ Liabilities while calculating Tax Liability in the Books of accounts in FY 2016-17, 2017-18 and 2018-19 which were mainly on account of add back of OCI amounts in Gratuity and PRMS and not claiming full deductions for other expenses like provision for PRP, Provision for Wage Revision etc. This led to computation of higher tax liabilities with consequential impact of payment of extra Taxes in these years as well as excess utilization of MAT Credit.

## 2. Amount Of correction :

(₹ in Lakhs)

Financial Year	Deferred Tax Assets (for MAT credit) (1)	Current Tax Assets (for Refund Due) (2)	Retained Earnings (3=1+2)
Upto 2016-17	3231	(91)	3140
2017-18	494	1405	1899
2018-19	351	1631	1982
<b>TOTAL</b>	<b>4076</b>	<b>2945</b>	<b>7021</b>

- Such mistakes have been adjusted to the opening Balance of Retained Earnings as of 01.04.2019.
- The impact of the said error have been carried out by adjustment to Retained Earnings as of 01.04.2019.

## Note 11: Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Advances	<b>150.80</b>	263.93
Less: Allowance for doubtful Capital Advances	<b>(21.55)</b>	(21.55)
Advance MAMC consortium [see note (a) below]	<b>6,053.89</b>	5,851.03
Employee Advance	<b>108.81</b>	92.74
Prepayments	<b>75.61</b>	78.60
Gold coins on Hand	<b>10.11</b>	10.11
<b>Total</b>	<b>6,377.67</b>	6,274.86
<b>Due by officers of the company</b>	<b>6.83</b>	8.66

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 ₹1253.89 Lakhs (Previous Year - ₹1051.03 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 ₹6053.89 Lakhs (Previous Year -

₹5851.03 Lakhs) is disclosed as 'Advance to MAMC consortium', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders' agreement from MOD is being pursued.

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 ₹602.80 Lakhs (Previous Year - ₹602.39 Lakhs) on account of MIL, which is included under the head 'Advances to related parties'.

**Note 12: Inventories (Lower of cost and Net realisable value)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Raw materials & Components	<b>54,735.02</b>	54,025.45
Less: Allowance for obsolescence - Raw Material	<b>(1,659.91)</b>	(1,189.75)
Raw materials & Components in Transit	<b>1,291.69</b>	2,580.92
Stores and Spares	<b>1,850.51</b>	1,928.35
Work-in-Progress	<b>87,582.63</b>	70,387.75
Less: Allowance for obsolescence - WIP	<b>(923.60)</b>	(778.50)
Finished Goods	<b>28,672.20</b>	15,530.13
Less: Allowance for obsolescence - Finished Goods	<b>(1,939.57)</b>	(977.02)
Finished Goods in Transit	-	585.96
Stock of Spares	<b>32,470.17</b>	30,069.60
Less: Allowance for obsolescence - Stock of Spares	<b>(3,854.19)</b>	(4,414.02)
Less: Allowance for shortages - Stock of Spares	<b>(1,014.12)</b>	-
Stock of Spares in Transit	<b>97.59</b>	239.25
Hand tools	<b>2,259.65</b>	2,283.31
Scrap	<b>1,183.62</b>	659.02
Patterns & Other Materials	<b>20.48</b>	20.97
Unrealised Profit on Stock	-	-
<b>Total</b>	<b>200,772.18</b>	170,951.42

a. Raw materials & Components include materials lying with sub contractors ₹2268.11 Lakhs (Previous Year - ₹2376.66 Lakhs). Of these, confirmation from the parties is awaited for ₹331.85 Lakhs (Previous Year - ₹850.15 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. Allowance towards obsolescence is made as per the Board approved provisioning norms and is based on ageing of inventory.

### Note 13: Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
	-	-
<b>Total</b>	-	-

### Note 14: Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, considered good</b>		
Outstanding for period exceeding six months *	<b>34,658.48</b>	58,277.59
Others	<b>116,378.88</b>	103,118.70
<b>Unsecured, considered doubtful</b>		
Outstanding for period exceeding six months	<b>22,524.83</b>	19,018.66
Allowance for bad and doubtful trade receivables	<b>(22,524.83)</b>	(19,018.66)
<b>Total</b>	<b>151,037.35</b>	161,396.29

\* Trade receivables - Outstanding for period exceeding six months include ₹9507.47 Lakhs (Previous Year ₹9507.47 Lakhs) towards PMS Bridge contract, in respect of the following :

- i) amount outstanding 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 ₹4929.12 Lakhs and
- ii) Dollies supplied to MoD ₹4578.35 Lakhs.
- iii) This contract provided for import content

denominated in US Dollar with a clause for escalation and exchange rate variation. Since BEML's claim for exchange rate variation for part of the supply was in EURO, the customer insisted for contract amendment in this regard. The company has received the requisite amendment to the contract in this regard from MOD towards acceptance of BEML's claim on account of exchange rate variation in Euro . Accordingly claims have been lodged which are under process.

- iv) In respect of Dollies, all the Dollies (66 no's) have been supplied to the customer.



The movement in the allowance for bad and doubtful trade receivables is as follows: (₹ in Lakhs)

Particulars	2019-20	2018-19
Balance at the beginning of the year	<b>19,018.66</b>	16,714.92
Impairment losses recognised	<b>4,332.34</b>	2,618.37
Written off during the year	<b>(682.56)</b>	(314.63)
Credited to profit or loss	<b>(143.61)</b>	-
Transfers to allowance for doubtful claims (note 18)	-	-
Balance at the end of the year	<b>22,524.83</b>	19,018.66

**Note 14a: Contract Assets**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Rail & Metro	<b>30,384.85</b>	48,857.05
Mining & Construction	-	59.31
Defence	-	-
<b>Total</b>	<b>30,384.85</b>	48,916.36

**Note 15: Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks	<b>2,734.32</b>	2,237.07
Cash on hand	-	-
<b>Total</b>	<b>2,734.32</b>	2,237.07

**Note 15a: Bank Balance Other than (Note 15) above**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks - Unclaimed Dividend	<b>50.95</b>	905.87
<b>Total</b>	<b>50.95</b>	905.87

- a. The Group earns no interest on balances with banks in current accounts.
- b. Balances with banks include the following on which there were restrictions placed on use and / or held on behalf of third parties:  
ESCROW account balance to be distributed among consortium members ₹2666.43 Lakhs (Previous Year - ₹2169.02 Lakhs)
- c. Out of the Cash Credit Limit of ₹120000 Lakhs sanctioned to the Group by Consortium Bankers, the amount drawn by the Group as on 31st March is ₹3811.03 Lakhs (Previous Year ₹9917.27 Lakhs) (Refer Note No. 24).
- d. For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks	<b>2,734.32</b>	2,237.07
Balances with Banks - Unclaimed Dividend	<b>50.95</b>	905.87
Cheques, drafts on hand	-	-
Cash on hand	-	-
Less: Bank overdraft/Cash credit facility	<b>(3,811.03)</b>	(9,917.27)
<b>Total</b>	<b>(1,025.77)</b>	(6,774.33)

**Note 16: Current Loans**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured, considered good</b>		
Lease Deposits	-	-
Inter Corporate Loan	-	817.28
<b>Total</b>	-	817.28

**Note 17: Current - Other financial assets**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposit with Customers	<b>107.39</b>	107.39
Earnest Money Deposit	<b>89.33</b>	89.33
Deposit with service providers	<b>410.52</b>	444.19
Interest accrued on bank deposits	<b>1.74</b>	3.38
Derivative asset	-	-
<b>Total</b>	<b>608.97</b>	644.29

**Note 17a: Current tax assets (Net)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Income Tax	<b>200.00</b>	3,408.57
Income Tax Refund	<b>6,489.51</b>	2,482.52
Tax Deducted at Source	<b>463.47</b>	1,677.82
<b>Total</b>	<b>7,152.98</b>	7,568.91

**Note 18: Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advances to Related Parties	<b>135.51</b>	135.48
Balances with Public Utility concerns	<b>679.99</b>	662.82
Less: Allowance for doubtful Balances with Public Utility concerns	<b>(170.51)</b>	(170.51)
Balances with Govt. departments for Customs Duty, Excise Duty, GST etc.,	<b>1,133.94</b>	53.49
Advance to Vendors	<b>12,692.54</b>	9,781.29
Less: Allowance for doubtful advances to Vendors	<b>(3,868.39)</b>	(3,882.76)
Employee Advance	<b>296.19</b>	284.85
Duties and Taxes	<b>3,121.42</b>	3,081.91
Indirect Taxes -GST	<b>2,280.20</b>	5,849.56
Prepayments	<b>1,643.53</b>	1,520.05
Claims receivable	<b>10,745.57</b>	11,885.57
Less: Allowance for doubtful claims	<b>(5,684.77)</b>	(5,527.15)
GST on stock transfers	<b>515.81</b>	370.75
Unbilled revenue	-	-
<b>Total</b>	<b>23,521.02</b>	24,045.35
<b>Due by Officers of the Company</b>	<b>31.48</b>	26.66

- i. Claims receivable includes claims lodged pending under reconciliation amounting to ₹2610.74 Lakhs (Previous Year - ₹2610.74 Lakhs).
- ii. For claims outstanding from Railway board, an Inter-Ministerial Committee has been formed by MoD to resolve the issues.

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

**Note 19: Equity share capital**

(₹ in Lakhs)

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number	Amount	Number	Amount
<b>Authorised :</b> Equity Shares of ₹10 each	<b>100000000</b>	<b>10,000.00</b>	100000000	10,000.00
<b>Issued :</b> Equity Shares of ₹10 each	<b>41900000</b>	<b>4,190.00</b>	41900000	4,190.00
<b>Subscribed :</b> Equity Shares of ₹10 each	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Paid-up :</b> Equity Shares of ₹10 each, fully paid-up	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Forfeited Shares (amount originally paid) :</b> Equity Shares of Paid-up value ₹5 each	<b>255500</b>	<b>12.77</b>	255500	12.77
<b>Total</b>		<b>4,177.22</b>		4,177.22

**Rights and restrictions attached to equity shares**

The Group 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 Group, equity shareholders will be entitled to receive remaining assets of the Group 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				
	2019-20	2018-19	2017-18	2016-17	2015-16
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 2020		As at 31st March 2019	
	Number of Shares	Amount	Number of Shares	Amount
Outstanding as at Opening Date	<b>41,644,500</b>	<b>4,164.45</b>	41,644,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	<b>41,644,500</b>	<b>4,164.45</b>	41,644,500	4,164.45

Equity Shares held by shareholders having 5% or more	As at 31st March 2020		As at 31st March 2019	
Name of the shareholder	Number of Shares	% held	Number of Shares	% held
President of India	<b>22,500,000</b>	<b>54.03</b>	22,500,000	54.03
HDFC Trustee Company Limited (PAN wise)	<b>3,619,881</b>	<b>8.69</b>	3,715,380	8.92

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

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

The Board of Directors had approved an Interim Dividend of ₹2.50 per equity share i.e 25% on equity shares of ₹10 each on 13.03.2020 which was distributed among eligible shareholders.

The Board of Directors in their meeting held on 27-06-2020 recommended a dividend of ₹3.50 per equity share (i.e., 35%) for the financial year ended 31st March 2020, subject to the approval of shareholders at the ensuing Annual General Meeting. If approved, this would result in a cash outflow of approximately ₹1457.56 Lakhs.

**Note 20: Non-current Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2020		As at 31st March 2019	
	Non-Current	Current	Non-Current	Current
<b>Debentures</b>				
Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildingsthereon (Bangalore Complex). Rate of Interest 9.24%	<b>20,000.00</b>	<b>10,000.00</b>	30,000.00	-
<b>Term Loans</b>				
<b>(a) Secured from Banks</b>	-	-	-	-
<b>(b) Unsecured from other parties</b>				
i. Inter corporate loans against Group's corporate guarantee (from Coal India)	-	-	-	-
ii. Soft Loan - Interest Free Loan from Govt of Kerala	<b>149.48</b>	<b>149.48</b>	296.68	148.34
	<b>149.48</b>	<b>149.48</b>	296.68	148.34
<b>Total</b>	<b>20,149.48</b>	<b>10,149.48</b>	30,296.68	148.34

**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

**Terms of repayment of Soft Loan - Interest free Loan from Govt. of Kerala** (₹ in Lakhs)

Particulars	2020-21	2021-22
Soft Loan - Interest free Loan, Re-payable in 10 equal installments in 5 years	188.80	188.80

**Note 21: Non-current - Other financial liabilities** (₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deposit from vendors	<b>41.60</b>	41.60
<b>Total</b>	<b>41.60</b>	41.60

**Note 22: Provisions** (₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Provision for employee benefits</b>		
for Leave Salary	<b>12,032.19</b>	11,878.53
for Post retirement medical scheme	<b>3,147.66</b>	2,996.09
<b>Provision-others</b>		
for warranty	<b>150.00</b>	158.00
for unexpired obligations	<b>3,305.06</b>	2,538.76
<b>Total</b>	<b>18,634.91</b>	17,571.38

- For movement in the provisions during the year refer Note no. 28
- The provision for employee benefits represents annual leave and vested long service entitlements accrued.
- Warranty provisions are recognised on a contract-by-contract basis for goods sold over the warranty period. The provision is based on estimates of probable likelihood of product failure and returns based on current sales level and past experience.
- Provision for unexpired obligations is towards supply of Backup Spares against guaranteed availability contracts.

**Note 23: Other non-current liabilities** (₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advances from customers	<b>98,286.74</b>	33,237.18
Staff related	<b>30.57</b>	28.38
Statutory Dues	-	-
Deferred government grant	<b>39.32</b>	80.92
<b>Total</b>	<b>98,356.62</b>	33,346.48

- a. Group received an interest free loan of ₹944.00 Lakhs from Government of Kerala (Note 20). The same has been initially recognised at fair value and the difference between the proceeds and fair value is recognised as deferred government grant.

The government grant income is amortised to profit or loss on a straight line basis over the term of interest free loan (Note 31).

**Note 24: Current Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Repayable on demand from banks</b>		
<b>Secured</b>		
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)	<b>3,811.03</b>	9,917.27
<b>Unsecured</b>	-	-
<b>Total</b>	<b>3,811.03</b>	9,917.27

**Note 25: Trade Payables**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Total outstanding dues of micro & small enterprises	<b>2,998.39</b>	2,574.35
Total outstanding dues of creditors other than micro & small enterprises	<b>63,476.06</b>	74,123.13
<b>Total</b>	<b>66,474.46</b>	76,697.48

**Micro and Small Enterprises (MSE)**

The information under MSMED Act, 2006 has been disclosed to the extent such vendors have been identified by the Group. The details of amounts outstanding to them based on available information with the Group is as under :

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Amount due and Payable at the year end		
- Principal	<b>26.37</b>	-
- Interest on above Principal	-	-
Payments made during the year after the due date		
- Principal	<b>143.58</b>	87.18
- Interest	-	-
Interest due and payable for principals already paid	<b>2.56</b>	0.74
Total Interest accrued and remained unpaid at year end	<b>2.56</b>	0.74
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.	<b>7.71</b>	5.15

**Note 26: Current - Other financial liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Current maturities of long term debt (refer note 20)	<b>10,149.48</b>	148.34
Deposit from vendors	<b>763.63</b>	710.54
Earnest Money Deposit from vendors	<b>417.77</b>	1,099.64
Interest accrued but not due on borrowings	<b>1,017.67</b>	1,017.67
Interest accrued and due on borrowings	-	-
Unclaimed dividend	<b>50.95</b>	905.87
<b>Total</b>	<b>12,399.49</b>	3,882.06



**Note 27: Other current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Other payables		
a. Staff related dues	<b>1,296.02</b>	2,202.68
b. Statutory dues	<b>6,374.78</b>	5,441.55
c. Advances from customers	<b>20,974.33</b>	51,920.05
d. Service vendors	<b>8,390.46</b>	6,722.71
e. Civil contractors and Capital payments	<b>3,542.35</b>	3,606.57
f. Liability for wage revision - executives	-	5,897.19
Interest due on MSE vendors	<b>7.71</b>	5.15
Deferred government grant (refer note 23 a)	<b>39.32</b>	40.46
<b>Total</b>	<b>40,624.96</b>	75,836.36

Civil contractors and Capital payments includes ₹2354.92 Lakhs (Previous Year - ₹2354.92 Lakhs) pertaining to Bank Guarantee Encashed against 18MW Windmill project due to Non fulfilment of Contractual obligation.

**Note 28: Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Provision for employee benefits</b>		
for Gratuity	<b>4,572.27</b>	4,069.51
for Leave Salary	<b>3,322.97</b>	3,132.95
for Performance Related Pay	<b>425.00</b>	1,125.00
for Post retirement medical scheme	<b>4,037.02</b>	2,355.24
for Officers Pension	<b>1,604.00</b>	1,338.11
for Wage revision	<b>178.36</b>	10,156.27
<b>Provision-others</b>		
for pending legal cases	<b>11.79</b>	34.17
for warranty	<b>6,424.96</b>	6,269.64
for unexpired obligations	<b>825.61</b>	935.00
for onerous contract	-	1,123.57
for tax on interim dividend	-	385.20
<b>Total</b>	<b>21,401.98</b>	30,924.66

**Movement in Provisions**

(₹ in Lakhs)

Particulars	As at 01.04.2019		Additions	Utilization	Reversal	As at 01.04.2020	
	Non-current	Current				Non-current	Current
Gratuity	-	4,069.51	4,437.26	3,934.50	-	-	4,572.27
Leave Salary	11,878.53	3,132.95	5,555.16	5,211.47	-	12,032.20	3,322.97
Post retirement medical scheme	2,996.09	2,355.24	2,530.96	697.61	-	3,147.66	4,037.02
Performance Related Pay	-	1,125.00	-	700.00	-	-	425.00
Officers Pension	-	1,338.11	1,604.00	1,338.11	-	-	1,604.00
Pay Revision	-	10,156.27	10.20	9,772.80	215.31	-	178.36
Pending legal cases	-	34.17	0.30	0.60	22.08	-	11.79
Warranty	158.00	6,269.64	4,865.54	4,643.44	74.78	150.00	6,424.96
Unexpired Obligation onerous contract	2,538.76	935.00	1,467.31	610.40	200.00	3,305.06	825.61
tax on interim dividend	-	1,123.57	-	-	1,123.57	-	-
		385.20	428.01	813.21	-	-	-
<b>Total</b>	<b>17,571.38</b>	<b>30,924.66</b>	<b>20,898.73</b>	<b>27,722.14</b>	<b>1,635.74</b>	<b>18,634.91</b>	<b>21,401.98</b>

**Note 29: Current tax liabilities (Net)**

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Income tax	-	3,968.15
Less: MAT credit entitlement	-	-
<b>Total</b>	<b>-</b>	<b>3,968.15</b>

**Note 30: Revenue from Operations**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
(a) sale of products:		
Castings	-	-
Earth Moving Equipment	<b>79,050.10</b>	95,538.20
Rail & Metro Products	<b>103,356.58</b>	147,552.64
Defence Products	<b>28,199.96</b>	15,925.17
Spare Parts	<b>72,414.26</b>	68,784.92
<b>Sub-total</b>	<b>283,020.90</b>	327,800.93
(b) sale of services;		
Equipment Servicing	<b>16,783.99</b>	16,899.07
<b>Sub-total</b>	<b>16,783.99</b>	16,899.07
(C) other operating revenue		
Wind Energy	<b>1,604.80</b>	1,104.79
Sale of Scrap	<b>1,133.81</b>	1,620.05
<b>Sub-total</b>	<b>2,738.61</b>	2,724.84
(d) Inter Segment Sales	-	-
<b>Revenue from operations</b>	<b>302,543.50</b>	347,424.84

- A. i. GST on Revenue from Operations up to March 2020 is ₹55156.04 Lakhs (Previous Year ₹48488.44 Lakhs). GST has not been included in the Revenue from Operations.
- ii. Revenue includes ₹5671.18 Lakhs (Previous Year: ₹1303.30 Lakhs) on account of Sale of 82 No. of equipments "Bill and hold sales" basis recognised in accordance with Ind AS-115. This does not bear any custodian charges.
- iii. Revenue includes ₹Nil Lakhs (Previous Year - ₹3403.16 Lakhs sale on account of 1 No BH150E and 1 No BH205E Dump Truck) on the basis of Sale cum trail . A provision of ₹NIL Lakhs (Previous Year - ₹555.63 Laskhs) has been made towards unsatisfied performace obligation during the year.
- iv. Revenue from operation includes ₹1450.20 lakhs (Previous Year ₹1920.02 Lakhs) towards export sales.
- B. 1. Revenue is recognized over time on the contracts for metro cars supply and service contracts wherever transfer of control on goods/services and performance obligation satisfied over time. All other revenue is recognized at a point in time when control transfers.
2. Revenue from Operations include ₹30384.85 Lakhs and ₹Nil Lakhs in respect of Metro Contracts and service contracts in M&C business (Previous Year - ₹43,725.72 Lakhs and ₹59.31 Lakhs respectively) recognized as Contract Assets, due to

adoption of Ind AS 115.

3. In case of metro supply contracts and Equipment Rehabilitation and Mining Aggregates Repairs Contracts, for
4. Following are the closing and opening balances of Receivables, Contract Assets and Contract liabilities (which are measured under Input Method);

determination of transaction price for the purpose of recognizing revenue over time, Input Method has been considered .

(₹ in Lakhs)

Details	Balance as on 31.03.2020	Balance as on 01.04.2019
Receivables	29,218.80	22,220.18
Contract Assets	30,384.85	48,916.36
Contract Liabilities	-	-

5. Payments under the Metro Supply Contracts are released by customers upon completion of milestones of Cost centers identified in the contracts.
6. Payments are released by customers under Equipment Rehabilitation and Aggregates Repairs Contracts upon completion of Repair/Rehabilitation, delivery and acceptance of the items at Customer site as indicated in the Contract.
7. Warranties: In respect of Metro Contracts, Defect Liability periods are applicable till taking over of Train sets by the Customer.
8. Standard Warranty is provided for a period of 12 months Or 4000 hours of satisfactory performance of Equipment

(Mining & Construction) after delivery and commissioning. However warranty for Electrical items is for 12 months/3000 hrs from the date of commissioning whichever is earlier.

9. ₹375026.30 Lakhs and ₹Nil Lakhs (Previous Year - ₹65435.59 Lakhs for Metro Contracts and ₹240.24 Lakhs) for Mining Equipment Rehabilitation and Aggregates Repairs Contracts, is the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period and Company expects to recognize this revenue in the subsequent years.
10. Following is the reconciliation of amount of revenue recognized in the statement of P&L on recognition of Contract Assets;

(₹ in Lakhs)

Particulars	Amount
Total Contract Assets	30,384.85
Adjustment on the contract price towards discounts, rebate, refunds etc.,	-

**Note 31: Other income**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest Income		
- From Deposits	-	0.34
- From Inter Corporate Loans	<b>58.59</b>	151.59
- From Other Advances	-	-
- From Income tax refund	<b>52.94</b>	-
- Finance income on lease deposits	<b>0.90</b>	0.99
- Others	<b>23.36</b>	41.15
Government grant income	<b>42.73</b>	42.73
Export incentives	<b>82.78</b>	82.19
Dividend Income		
- Dividend Received from Subsidiary	-	13.47
- Other Dividends	-	-
Net gain on sale of property, plant and equipment	<b>23.37</b>	6.20
Provisions written back		
- Doubtful trade receivables & advances	<b>204.45</b>	-
- Others	<b>1,643.90</b>	11.57
Foreign exchange gain	<b>1,153.35</b>	-
Other non-operating income	<b>1,569.68</b>	1,973.60
<b>Total</b>	<b>4,856.05</b>	2,323.83

**a. Tax Deducted at Source on Income**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest on Inter Corporate Loans	<b>5.86</b>	15.15

**Note 32: Cost of materials consumed**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Cost of materials consumed</b>	<b>188,155.82</b>	195,062.91

**Note 33: Purchase of stock-in-trade**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Purchase of stock-in-trade</b>	-	-

**Note 34: Changes in inventories of finished goods, stock-in-trade and work-in-progress**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Opening Stock</b>		
Finished goods	<b>15,159.93</b>	18,937.82
Work-in-progress	<b>69,609.25</b>	67,564.80
Scrap	<b>659.02</b>	556.46
	<b>85,428.20</b>	87,059.08
<b>Closing Stock</b>		
Finished goods	<b>26,732.63</b>	15,139.07
Work-in-progress	<b>86,659.03</b>	69,609.25
Scrap	<b>1,183.62</b>	659.0
	<b>114,575.28</b>	85,407.34
<b>(Increase) / Decrease</b>		
Finished goods	<b>(11,572.70)</b>	3,798.75
Work-in-progress	<b>(17,049.78)</b>	(2,044.45)
Scrap	<b>(524.60)</b>	(102.56)
<b>Total</b>	<b>(29,147.08)</b>	1,651.74

**Note 35: Employee benefits expense**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Salaries, Wages & Bonus	<b>64,512.51</b>	63,028.83
Leave Salary	<b>5,555.26</b>	4,099.37
Contribution to:		
- Gratuity Fund	<b>1,095.18</b>	1,127.16
- Provident Fund and Other Funds	<b>6,265.16</b>	5,673.15
Post retirement medical scheme	<b>975.06</b>	970.93
Staff welfare expenses	<b>7,383.36</b>	6,110.79
- Less receipts	<b>979.36</b>	435.31
Net staff welfare expenses	<b>6,403.99</b>	5,675.48
<b>Total</b>	<b>84,807.16</b>	80,574.92

**A. Ind AS 19 (Employee Benefits)**

**a. Leave Salary**

This is an unfunded employee benefit plan categorized under other long term employee benefits in terms of Ind AS 19. The obligation for compensated absence has been actuarially valued and liability provided accordingly.

(₹ in Lakhs)

Actuarial Assumptions	Current Year (Unfunded)	Previous Year (Unfunded)
Mortality Table	<b>2006-08 (IALM) (Ultimate)</b>	2006-08 (IALM) (Ultimate)
Discount rate	<b>6.83%</b>	7.59%
Rate of escalation in salary	<b>4.00%</b>	5.00%

**b. Post Retirement Medical Scheme**

**1. Employees**

- (i) The Group has a post retirement defined benefit medical scheme where an insurance policy is taken by the Group for providing mediclaim benefits to the superannuated employees who opt for the scheme. The Group pays 90% insurance premium and the balance 10% is paid by the superannuated employees.

- (ii) The results of the actuarial study for the obligation of the medical benefit as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Principal actuarial assumptions</b>		
Discount rate	<b>6.83%</b>	7.59%
Range of compensation increase	<b>4.00%</b>	5.00%
Attrition rate	<b>0.49%</b>	0.55%
<b>Components of income statement charge</b>		
Current Service Cost	<b>67.40</b>	120.58
Interest Cost	<b>220.65</b>	281.61
<b>Total income statement charge</b>	<b>288.05</b>	402.19
<b>Movements in net defined benefit liability</b>		
Net obligation at the beginning of the year	<b>3,390.12</b>	3,710.22
Employer contributions	<b>(663.52)</b>	(537.59)
Total expense recognised in profit or loss	<b>288.05</b>	402.19
Total amount recognised in OCI	<b>1,555.90</b>	(184.70)
<b>Net obligation at the end of the year</b>	<b>4,570.55</b>	3,390.12



(₹ in Lakhs)

<b>Actuarial study analysis</b>	<b>Current Year</b>	Previous Year
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>3,390.12</b>	3,710.22
Current service cost	<b>67.40</b>	120.58
Interest cost	<b>220.65</b>	281.61
Benefits paid directly by the company	<b>(663.52)</b>	(537.59)
Extra payments or expenses / (income)	-	-
Obligation of past service cost	-	-
Actuarial loss / (gain) on obligations	<b>1,555.90</b>	(184.70)
<b>DBO at the end of the year</b>	<b>4,570.55</b>	3,390.12
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	-	-
Actuarial gain/(loss) on account of experience adjustments	<b>1,555.90</b>	(184.70)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>1,555.90</b>	(184.70)

(iii) **Sensitivity analysis of significant assumptions**

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
<b>Discount rate</b>		
+ 1.00% discount rate	<b>(206.86)</b>	(52.40)
- 1.00% discount rate	<b>231.44</b>	83.21
<b>Premium cost</b>		
+ 1.00% premium growth	<b>245.99</b>	121.65
- 1.00% premium growth	<b>(223.14)</b>	(72.67)

## (iv) Experience adjustments

(₹ in Lakhs)

	Current Year	Previous Year
Defined benefit obligation	<b>4,570.55</b>	3,390.12
Experience adjustment on plan liabilities	<b>(439.39)</b>	(637.33)

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

**2. Officers**

For officers, from 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. Group has contributed 3% of the basic and DA of officers amounting to ₹687.00 Lakhs during 2019-20 for the scheme. Group 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**

- (i) Provident Fund Trust of the Group 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, Group has to make good the shortfall. This is a defined benefit plan and the Group has got the same actuarially valued and there is no additional liability that needs to be provided for the year.

Actuarial Assumptions	Current Year (Funded)	Previous Year (Funded)
Discount rate	<b>6.83%</b>	7.59%
Rate of escalation in salary	<b>4.00%</b>	5.00%
Interest Rate Guarantee on Provident Fund	<b>8.65%</b>	8.55%

**d. Officers Pension Scheme**

Based on the guidelines of Ministry of Defence, Group has implemented "BEML Executive Superannuation (Pension) Scheme" for Officers of the Group. 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**

- (i) 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.
- (ii) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

Actuarial study analysis	Current Year	Previous Year
<b>Principal actuarial assumptions</b>		
Discount rate	<b>6.83%</b>	7.59%
Range of compensation increase	<b>4.00%</b>	5.00%
Attrition rate	<b>0.49%</b>	0.55%
Expected rate of return on plan assets	<b>7.29%</b>	7.59%
<b>Components of income statement charge</b>		
Current Service Cost	<b>1,125.70</b>	698.20
Interest Cost	<b>(30.52)</b>	428.97
Recognition of past service cost	-	-
Settlement / curtailment / termination loss	-	-
<b>Total income statement charge</b>	<b>1,095.18</b>	1,127.17
<b>Movements in net liability/(asset)</b>		
Net liability / (asset) at the beginning of the year	<b>4,088.23</b>	11,232.96
Employer contributions	<b>(3,925.56)</b>	(11,075.66)
Total expense recognised in profit or loss	<b>1,095.18</b>	1,135.67
Total amount recognised in OCI	<b>3,342.09</b>	2,795.26
<b>Net liability / (asset) at the end of the year</b>	<b>4,599.94</b>	4,088.23
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>44,838.42</b>	45,117.82
Current service cost	<b>1,125.70</b>	698.20
Interest cost	<b>2,719.89</b>	3,157.45
Benefits paid directly by the company	<b>(9,886.68)</b>	(6,897.83)
Actuarial loss / (gain) on obligations	<b>3,326.56</b>	2,762.78
<b>DBO at the end of the year</b>	<b>42,123.89</b>	44,838.42
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	<b>(15.53)</b>	6.80
Actuarial gain/(loss) on account of experience adjustments	<b>(3,326.56)</b>	(2,741.42)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>(3,342.09)</b>	(2,734.62)
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	<b>40,694.54</b>	33,884.86
Adjustment to opening fair value of plan assets	-	-
Interest on plan assets	<b>2,750.41</b>	2,728.48
Contributions made	<b>3,925.56</b>	11,075.66
Benefits paid	<b>(9,886.68)</b>	(6,981.14)
Actuarial gain/(loss) on plan assets	<b>(15.53)</b>	(13.32)
<b>Fair value of plan assets at the end of the year</b>	<b>37,468.30</b>	40,694.54

**(iii) Sensitivity analysis of significant assumptions**

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	<b>Current Year</b>	Previous Year
<b>Discount rate</b>		
Discount rate (CY +100 basis pts; PY +50 basis pts)	<b>(1,921.21)</b>	(1,981.66)
Discount rate (CY -100 basis pts; PY -50 basis pts)	<b>2,154.90</b>	2,215.26
<b>Salary increase</b>		
Salary growth (CY +100 basis pts; PY +50 basis pts)	<b>1,787.14</b>	1,828.04
Salary growth (CY -100 basis pts; PY -50 basis pts)	<b>(1,659.21)</b>	(1,725.85)

**(iv) Experience adjustments**

(₹ in Lakhs)

	<b>Current Year</b>	Previous Year
Defined benefit obligation	<b>42,123.89</b>	44,838.42
Fair value of plan assets	<b>37,468.30</b>	40,694.54
(Surplus)/deficit in plan assets	<b>4,655.59</b>	4,143.88
Experience adjustment on plan liabilities	<b>3,326.56</b>	2,741.42
Actual return on plan assets less interest on plan assets	<b>(30.52)</b>	428.97

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

**(v) Investment details**

The plan assets under the fund are deposited under approved securities as follows:

		<b>Current Year</b>	Previous Year
Investment with LIC	%	<b>100</b>	100
Others	%	<b>0</b>	0

**Note 36: Finance costs**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest expense		
On Cash Credit & Short term loans	<b>932.24</b>	3,196.59
On Long Term Loans	-	-
On External Commercial Borrowings	-	-
On Non-convertible Debentures	<b>2,772.00</b>	2,705.22
On Inter Corporate Loans	-	-
On MSE vendors	<b>2.51</b>	0.74
Unwinding of discount on Interest free loan	<b>42.73</b>	42.73
Interest on ROU asset	<b>82.00</b>	-
Others	<b>242.06</b>	15.23
<b>Total</b>	<b>4,073.54</b>	5,960.51

**Ind AS 23 (Borrowing Costs)**

The amount of interest capitalized during the Year is ₹NIL Lakhs (Previous Year - ₹66.78 Lakhs).

**Note 37: Other expenses**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Consumption of stores and spare parts	<b>536.62</b>	566.10
Consumable Tools	<b>613.34</b>	640.41
Power and fuel	<b>3,710.55</b>	3,820.35
Rent	<b>171.58</b>	413.96
Hire Charges	<b>970.44</b>	981.59
Repairs & Maintenance		
Machinery & Equipment	<b>410.08</b>	471.97
Buildings	<b>550.02</b>	591.55
Others	<b>1,043.88</b>	906.81
Stationery	<b>108.96</b>	108.42
Insurance	<b>522.95</b>	477.15
Rates & Taxes	<b>881.81</b>	512.70
Bank guarantee fee and other charges	<b>647.09</b>	746.63
Communication expenses	<b>338.62</b>	331.91
Commission on sales	<b>12.47</b>	18.41
Remuneration to Auditors (refer note 'a' below)	<b>28.33</b>	26.40
Legal & Professional Charges	<b>1,364.95</b>	189.50
Travelling Expenses	<b>1,368.89</b>	1,437.14
Publicity & Public Relations	<b>623.55</b>	508.67
Loss on sale of property, plant and equipment	<b>0.05</b>	0.77
Provision for Obsolescence	<b>909.72</b>	817.90
Provision for Onerous contract	<b>120.18</b>	1,123.57
Bad Debts written off	-	-
Defects & Spoilages	<b>274.20</b>	16.82
Works Contract Expenses	<b>7,241.43</b>	7,022.23
Expenses on Maintenance Contract	<b>3,132.73</b>	4,345.78
Sundry Direct Charges	<b>3,937.98</b>	2,116.00
Freight charges	<b>3,160.17</b>	3,055.91
Expenditure on CSR Activities	<b>432.18</b>	310.19
Provision for doubtful trade receivables & advances	<b>4,620.76</b>	2,225.13
Provision for diminution in value of Current Investment	-	-
Provision for diminution in value of Non-current Investment	-	-
Warranty & Unexpired Obligations	<b>4,680.54</b>	4,952.38
Less: Transfers	<b>(3,074.75)</b>	(3,136.51)
Warranty & Unexpired Obligations	<b>1,605.79</b>	1,815.87
Liquidated damages on sales	<b>25.65</b>	588.68
Foreign exchange loss / (gain)	-	328.90
Miscellaneous expenses	<b>10,970.70</b>	9,863.79
<b>Total</b>	<b>50,335.65</b>	46,381.21

**a. Break up of Remuneration to Auditors :**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
(a) As Auditor	<b>15.96</b>	15.47
(b) for taxation matter	<b>2.97</b>	3.17
(C) Other Services - Certification Fees	<b>7.72</b>	6.82
(d) Reimbursement of Expenses	<b>1.68</b>	0.94
<b>Total</b>	<b>28.33</b>	26.40

**Note 38: Exceptional Items**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Income</b>		
MSE Interest written back	-	-
Warranty provision written back	-	-
Liability written back	-	-
<b>sub-total</b>	-	-
<b>Expenditure</b>	-	-
<b>sub-total</b>	-	-
<b>Net Income / (Expenditure)</b>	-	-

**Note 39: Other Disclosures**
**A. Basic / Diluted Earnings Per Equity Share**

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	<b>6,368.47</b>	6,316.17
Average Number of Shares	<b>41,644,500</b>	41,644,500
Earnings Per Share (Basic and Diluted) –	<b>15.29</b>	15.17
Face Value ₹10/- Per Share (Amount in ₹)		

- B. In terms of Notification No. S.O.802(E) dated 23-02-2018 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. Ind AS 24 - Related Parties**

In accordance with the requirements of Ind AS 24, following are details of the transactions during the year with related parties.

Name of the related party	Nature of relationship
Vignyan Industries Limited	Subsidiary
MAMC Industries Limited	Subsidiary
BEML Midwest Limited	Joint venture
BEML PF Trust	Employee benefit and administration trust fund
BEML Gratuity Trust	Employee benefit and administration trust fund
BEML Death-cum-Retirement Benefit Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Pension) Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Benefit) Trust Fund	Employee benefit and administration trust fund
Dr. D.K. Hota	Key managerial personnel
Shri. B R Viswanatha	Key managerial personnel
Shri. R H Muralidhara	Key managerial personnel
Shri. Suraj Prakash	Key managerial personnel
Shri. Suresh Vastrad	Key managerial personnel
Shri. M. V. Rajasekhar	Key managerial personnel
Shri. Panneer Selvam R	Key managerial personnel
Shri. S V Ravi Sekhar Rao	Key managerial personnel

**Transactions with related parties**

**1. The details of related party transactions entered into by the Company are as follows:**

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

**Details of Transactions**

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
<b>Transactions during the year ended</b>		
Sales	-	-
Purchases	-	-
Equity Investment held as on 31st March (at cost)	<b>542.25</b>	542.25
<b>Outstanding balances</b>		
Advances recoverable as on	<b>135.51</b>	135.48
Amount payable towards supplies as on	<b>230.00</b>	230.00
Corporate Guarantee given to Bankers [refer Note 7 (b)]	<b>1,912.50</b>	1,912.50

## 2. Remuneration to Key managerial personnel

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Dr. D.K. Hota - Chairman and Managing Director	<b>68.67</b>	47.10
Shri. B R Viswanatha - Director (Mining & Construction)*	<b>25.09</b>	39.99
Shri. R H Muralidhara - Director (Defence)	<b>64.15</b>	38.92
Shri. Suraj Prakash - Director (Finance)	<b>44.84</b>	32.04
Shri. Suresh Vastrad - Director (Rail & Metro)	<b>47.12</b>	12.19
Shri. M. V. Rajasekhar - Director (Mining & Construction)*	<b>43.51</b>	-
Shri. Panneer Selvam R - Director (HR)*	<b>23.98</b>	-
Shri. S.V.Ravi Sekhar Rao - Company Secretary	<b>31.47</b>	16.02

(\* For part of the year.)

**3. Details of remuneration of key managerial personnel comprises the following:** (₹ in Lakhs)

<b>Dr. D.K. Hota - Chairman and Managing Director</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>61.88</b>	40.76
Post-employment benefits	<b>3.85</b>	1.66
Other long-term benefits	<b>2.94</b>	4.68
Termination benefits	-	-
<b>Shri. B R Viswanatha - Director (Mining &amp; Construction)*</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>14.14</b>	33.33
Post-employment benefits	<b>0.53</b>	1.32
Other long-term benefits	<b>10.42</b>	5.34
Termination benefits	-	-
<b>Shri. R H Muralidhara - Director (Defence)</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>58.34</b>	34.54
Post-employment benefits	<b>3.27</b>	1.46
Other long-term benefits	<b>2.53</b>	2.92
Termination benefits	-	-
<b>Shri. Suraj Prakash - Director (Finance)</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>29.16</b>	29.16
Post-employment benefits	<b>1.25</b>	1.25
Other long-term benefits	<b>1.63</b>	1.63
Termination benefits	-	-
<b>Shri. Suresh Vastrad - Director (Rail &amp; Metro)</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>11.16</b>	11.16
Post-employment benefits	<b>0.38</b>	0.38
Other long-term benefits	<b>0.65</b>	0.65
Termination benefits	-	-
<b>Shri. M.V. Rajasekhar - Director (Mining &amp; Construction)*</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>38.74</b>	-
Post-employment benefits	<b>2.66</b>	-
Other long-term benefits	<b>2.11</b>	-
Termination benefits	-	-
<b>Shri. Panneer Selvam R - Director (HR)*</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>20.16</b>	-
Post-employment benefits	<b>1.71</b>	-
Other long-term benefits	<b>2.11</b>	-
Termination benefits	-	-
<b>Shri. S.V.Ravi Sekhar Rao - Company Secretary</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>28.34</b>	13.94
Post-employment benefits	<b>1.77</b>	0.86
Other long-term benefits	<b>1.36</b>	1.22
Termination benefits	-	-
<b>Total</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Short-term benefits	<b>303.33</b>	162.89
Post-employment benefits	<b>19.46</b>	6.93
Other long-term benefits	<b>26.03</b>	16.44
Termination benefits	-	-

(\* For part of the year.)

4. 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 Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been made to the extent data is available with the Company.

**D. Contingent liabilities & Commitments**

**I. Contingent liabilities**

- a. Claims against the Group not acknowledged as debts
- i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT etc.,) - ₹44761.43 lakhs (Previous Year ₹46384.23 Lakhs)
- ii Other claims- legal cases etc. ₹18901.86 Lakhs (Previous Year ₹17262.44 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 - ₹Nil).

**II. Commitments**

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹660.74 Lakhs (Previous Year - ₹1526.82 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 Group 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	31st March 2020	31st March 2019
Revenue Expenditure*	9,438.21	6,424.71
Capital Expenditure**	915.61	647.36

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

**a. Research & Development Revenue Expenditure:**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Material Cost	<b>114.34</b>	295.52
Employee Remuneration	<b>5,320.24</b>	4,117.84
Depreciation	<b>1,055.81</b>	1,122.93
Power and Fuel	<b>89.69</b>	48.17
Repairs and Maintenance	<b>35.77</b>	13.20
Consumable Tools	<b>0.86</b>	0.48
Travelling	<b>115.86</b>	126.54
Other Expenses	<b>3,079.30</b>	1,400.86
Payment to Technology Providers	-	-
Prototype held in WIP	<b>219.84</b>	422.10
Prototype held in FGI	-	-
Cost of Sales of Prototype sold	<b>462.31</b>	-
<b>Total R&amp;D Revenue Expenditure</b>	<b>10,494.02</b>	7,547.64
Less: Depreciation	<b>1,055.81</b>	1,122.93
<b>Net R &amp; D Expenditure</b>	<b>9,438.21</b>	6,424.71

Sale value of prototype sold - included in net Sales

**400.06**

\*\* The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2020 is as below :

**b. Research & Development Capital Expenditure**

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated depreciation and impairment				Net Carrying value		
	As at 01.04.2019	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019	
<b>Property, Plant and Equipment</b>											
Land											
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29	
Lease Hold	-	-	-	-	-	-	-	-	-	-	
Buildings	109.33	-	-	109.33	49.94	2.16	12.78	64.88	44.45	59.39	
Plant and Equipment	1,117.01	440.30	-	1,557.31	381.61	125.70	(12.34)	494.97	1,062.34	735.40	
Furniture & Fixtures	112.85	2.07	(2.21)	112.71	58.05	10.93	(1.58)	67.40	45.31	54.80	
Vehicles											
Given on Lease	93.54	26.86	(9.88)	110.52	54.89	13.86	(9.94)	58.81	51.71	38.65	
Own Use	-	-	-	-	-	-	-	-	-	-	
Office Equipment	-	-	-	-	-	-	-	-	-	-	
Roads & Drains	1.64	-	-	1.64	1.07	0.57	-	1.64	-	0.57	
Water Supply Installations	0.12	-	-	0.12	0.02	0.01	-	0.03	0.09	0.10	
Electrical Installation	104.50	34.93	-	139.43	32.52	13.00	(0.01)	45.51	93.92	71.98	
Computers and Data processing units	758.13	24.53	23.52	806.18	529.17	64.82	27.28	621.27	184.91	228.96	
<b>Intangible Assets</b>											
Software	1,954.36	386.92	-	2,341.28	969.41	357.37	26.51	1,353.29	987.99	984.95	
Technical Knowhow	5,755.91	-	-	5,755.91	2,343.61	467.39	(7.26)	2,803.74	2,952.17	3,412.30	
<b>Total</b>	<b>10,010.68</b>	<b>915.61</b>	<b>11.43</b>	<b>10,937.72</b>	<b>4,420.29</b>	<b>1,055.81</b>	<b>35.44</b>	<b>5,511.54</b>	<b>5,426.18</b>	<b>5,590.39</b>	
Previous Year	9,282.57	647.36	80.75	10,010.68	3,236.85	1,122.93	60.51	4,420.29	5,590.39	6,045.72	

**F. Ind AS 108 (Operating Segments)**

Vide Notification No. S.O.802(E) dated 23-02-2018 issued by Ministry of Corporate Affairs, exempted companies engaged in Defence Production from segmental disclosure as required under Ind AS 108 (Operating Segments), accordingly the disclosure requirements under Ind AS 108 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 and reconciliation. 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 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>i. Loans and Advances in the nature of loans:</b>				
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	-	-	-	-
<b>ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries</b>	-	-	-	-

## J. Ind AS 116 - Leases

### a) The Group as a lessee

The Group's significant leasing arrangements are in respect of operating leases and in respect of its leased office premises. These lease arrangements, run for a period of 3 Years to 10 Years and are generally renewable by mutual consent.

Future minimum lease payments under non-cancellable operating leases are summarised below:

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Not later than one year	<b>0.28</b>	58.13
Later than one year but not later than five years	<b>1.12</b>	244.34
Later than five years	-	1,551.90
<b>Total operating lease commitments</b>	<b>1.40</b>	1,854.37

### b) The Group as a lessor

The Group provides cars to employees who are eligible and enrol into such a scheme after completion of a specific period of service. Such leases are non-cancellable in nature and have been classified as operating leases.

Below are the details of carrying amounts of such vehicles recorded as property, plant and equipment:

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Carrying value of assets	<b>532.27</b>	466.75
Accumulated depreciation	<b>154.58</b>	110.59
Depreciation expense during the year	<b>74.07</b>	59.45

Future minimum lease receipts under non-cancellable operating leases in respect of leased cars are summarised below:

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Not later than one year	<b>67.54</b>	50.09
Later than one year but not later than five years	<b>197.22</b>	213.09
Later than five years	<b>127.45</b>	63.28
<b>Total operating lease commitments</b>	<b>392.21</b>	326.46



**c) Lease income and expenditure**

The gross amounts of operating lease income and expenditure recognised in profit or loss is as below.

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Lease income	<b>68.50</b>	56.07
Lease expenses	<b>171.58</b>	413.96

**d) Impact of IND AS 116 - RoU Assets**

(₹ in Lakhs)

	31st March 2020	31st March 2019
Total Depreciation of RoU Assets	<b>109.80</b>	-
Finance Cost of Lease Liability	<b>82.00</b>	-
Gross value of RoU Assets	<b>984.39</b>	-
Net Book Value of Rou Assets	<b>874.59</b>	-
Lease Liability as of 31st March	<b>915.47</b>	-
Impact on Profitability in the current year	<b>(41.27)</b>	-

## K. Fair values and measurement principles

a) The carrying value and fair value of financial instruments by category are as follows:

(₹ in Lakhs)

Particulars	31st March 2020 Carrying amounts		31st March 2019 Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
<b>Financial assets measured at fair value:</b>				
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial assets not measured at fair value:</b>				
Loans	-	9.96	-	826.34
Trade receivables	-	151,037.35	-	161,396.29
Cash and cash equivalents	-	2,734.32	-	2,237.07
Other financial assets	-	663.29	-	695.04
	-	154,444.92	-	165,154.74
<b>Financial liabilities measured at fair value:</b>				
Forward exchange contract	-	-	-	-
	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>				
Borrowings	-	23,960.51	-	40,213.95
Trade payables	-	66,474.46	-	76,697.48
Other financial liabilities	-	12,441.09	-	3,923.66
	-	102,876.06	-	120,835.09

\* The Group has not disclosed the fair values for financial instruments, because their carrying amounts are a reasonable approximation of fair value.

b) The following table shows the fair values of assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Group's use of quoted market prices (Level 1), valuation model using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

(₹ in Lakhs)

Particulars	31st March 2020			31st March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Financial liabilities measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-

c) Measurement of fair values

Valuation techniques and significant unobservable inputs:

Particulars	Valuation technique	Significant unobservable inputs
Forward exchange contracts	The fair values is determined using unquoted forward exchange rates at the reporting date.	Not applicable

d) Transfers between the fair value hierarchy

There were no transfers in either direction in the fair value hierarchy during the year 2019-20.

**L. Financial risk management**

The Group is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments.

The Group's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Group's risk management framework. Treasury Management Team in the Group take appropriate steps to mitigate financial risks within the framework set by the top management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. Group do not trade in derivatives for speculation.

**(i) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

The Group regularly follow up the receivable to minimise losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Deposits and cash balances are placed with reputable scheduled banks.

The carrying amount of financial assets

represents the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. Major Customers of the Group are from Government Sector and Public Sector Companies, where credit risk is relatively low.

The management has established a system under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables based on factual information as on the Balance sheet date.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:-

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
India	<b>149,972.28</b>	160,009.39
Other regions	<b>1,065.07</b>	1,386.90
<b>Total trade receivables</b>	<b>151,037.35</b>	161,396.29

As at 31 March 2020, the Group's most significant customer, accounted for ₹12345.19 Lakhs of the trade receivables carrying amount (Previous Year - ₹21355.43 Lakhs).

The movement in the loss allowance for impairment of trade receivables are disclosed in Note No. 14

Any past due from Government Customers and those fully covered by guarantees or collaterals received are not tested for impairment.

The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables.

The Group has not received any collaterals for receivables as at reporting date.

The impairment loss allowance at 31 March 2020 related to several customers that have indication that they may not pay their outstanding balances. The Group believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on the fact that major customers are Government department, PSUs and historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Group will face difficulty in

raising financial resources required to fulfil its commitments. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is maintained at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally by forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and to comply with loan covenants.

To ensure continuity of funding, the Group primarily uses short-term bank facilities in the nature of bank overdraft

facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements needs. The Group has also availed various non-current facilities in the form of secured redeemable debentures, secured term loans, inter-corporate loans against the Group's guarantee and soft loans from the Government for expansion projects and construction and development of capital assets.

#### **Exposure to liquidity risk**

The table below details the Group's remaining contractual maturity for its financial liabilities and derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities and derivative financial liabilities based on the earliest date on which the Group can be required to pay.

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 year or more		
<b>31 March 2020</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	20,149.48	-	-	20,149.48
Current Borrowings	3,811.03	-	-	-	3,811.03
Trade payables	66,474.46	-	-	-	66,474.46
Other financial liabilities	12,441.09	-	-	-	12,441.09
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>82,726.58</b>	<b>20,149.48</b>	<b>-</b>	<b>-</b>	<b>102,876.06</b>

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 year or more		
<b>31 March 2019</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	30,296.68	-	-	30,296.68
Current Borrowings	9,917.27	-	-	-	9,917.27
Trade payables	76,697.48	-	-	-	76,697.48
Other financial liabilities	3,923.66	-	-	-	3,923.66
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>90,538.41</b>	<b>30,296.68</b>	-	-	<b>120,835.09</b>

### (iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity / commodity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Group enters into forward derivative

contracts to manage risks of loss arising due to foreign exchange exposure. During the year ended 31 March 2020, there was no change to the manner in which the Group managed or measured market risk.

### (iv) Currency risk

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Group's future cash flows and profitability in the ordinary course of business. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities from procuring or selling in foreign currencies and obtaining finance in foreign currencies.

The Group is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Group is

Indian Rupee. The Group uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

The Group does not use derivative financial instruments for trading or

speculative purposes. Following is the information on derivative financial instruments to hedge the foreign exchange rate risk as on date are as below:

**31 March 2020**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

**31 March 2019**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

## Exposure to currency risk

The currency profile of financial assets and financial liabilities as on dates are as below:

(₹ in Lakhs)

Particulars	INR	USD	EURO	JPY	SEK	GBP	SGD	CHF	ZAR
<b>31 March 2020</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	183.24	-	1,773.13	777.95	-	-	-	-	-
Trade receivables	149,972.28	851.75	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	52,352.22	6,403.30	3,520.60	3,447.62	11.53	663.18	46.97	28.02	1.02
Other current financial liabilities	12,399.49	-	-	-	-	-	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>85,403.81</b>	<b>(5,551.55)</b>	<b>(1,534.15)</b>	<b>(2,669.67)</b>	<b>(11.53)</b>	<b>(663.18)</b>	<b>(46.97)</b>	<b>(28.02)</b>	<b>(1.02)</b>
<b>31 March 2019</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	183.43	-	1,275.69	777.95	-	-	-	-	-
Trade receivables	160,009.39	1,173.58	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	57,095.49	13,634.88	2,206.53	3,064.18	-	647.72	2.31	28.02	18.35
Other current financial liabilities	3,880.15	-	-	-	-	1.91	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>99,217.18</b>	<b>(12,461.30)</b>	<b>(717.52)</b>	<b>(2,286.23)</b>	<b>-</b>	<b>(649.63)</b>	<b>(2.31)</b>	<b>(28.02)</b>	<b>(18.35)</b>

The following significant exchange rates have been applied during the year.

(₹ in Lakhs)

Particulars	Average rate		Year-end spot rate	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD	-	-	<b>76.0600</b>	69.7700
EUR	-	-	<b>84.4300</b>	78.8400
JPY	-	-	<b>0.7069</b>	0.6343
GBP	-	-	<b>94.4700</b>	91.7500
BRL	-	<b>18.4964</b>	-	17.7325



### Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars, Euro, Japanese Yen, the Pound and other currencies at 31 March 2020 and 31 March 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

Particulars	Profit or loss		Equity, net of tax	
	Strengthe-ning	Weakening	Strengthe-ning	Weakening
<b>31 March 2020</b>				
1% movement				
USD	55.52	(55.52)	36.12	(36.12)
EUR	15.34	(15.34)	9.98	(9.98)
JPY	26.70	(26.70)	17.37	(17.37)
SEK	0.12	(0.12)	0.08	(0.08)
GBP	6.63	(6.63)	4.31	(4.31)
SGD	0.47	(0.47)	0.31	(0.31)
CHF	0.28	(0.28)	0.18	(0.18)
ZAR	0.01	(0.01)	0.01	(0.01)
<b>31 March 2019</b>				
1% movement				
USD	124.61	(124.61)	81.07	(81.07)
EUR	7.18	(7.18)	4.67	(4.67)
JPY	22.86	(22.86)	14.87	(14.87)
SEK	-	-	-	-
GBP	6.50	(6.50)	4.23	(4.23)
SGD	0.02	(0.02)	0.02	(0.02)
CHF	0.28	(0.28)	0.18	(0.18)
ZAR	0.18	(0.18)	0.12	(0.12)

### (v) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

#### Exposure to interest rate risk

The Group's interest rate risk arises from borrowings and loans made. Borrowings availed at fixed rates expose the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(₹ in Lakhs)

Particulars	Carrying amount	
	31st March 2020	31st March 2019
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	<b>(30,000.00)</b>	(30,000.00)
	<b>(30,000.00)</b>	(30,000.00)
<b>Variable-rate instruments</b>		
Financial assets	-	817.28
Financial liabilities	-	-
	-	817.28

#### Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 March 2020</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Total Variable-rate instruments	-	-	-	-
Cash flow sensitivity (net)	-	-	-	-
<b>31 March 2019</b>				
Financial assets	70.76	(70.76)	46.04	(46.04)
Financial liabilities	-	-	-	-
Total Variable-rate instruments	70.76	(70.76)	46.04	(46.04)
Cash flow sensitivity (net)	70.76	(70.76)	46.04	(46.04)

**(vi) Equity and commodity price risk**

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Group has no exposure to changes in the quoted equity securities price risk as it has investments in unquoted equity instruments only. The Group does not invest in commodities and is not exposed to commodity price risk.

**M. Capital Management**

The Group strives to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the

return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns and levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's adjusted net debt to equity ratio is as follows.

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Total borrowings <sup>1</sup>	<b>34,109.99</b>	40,362.29
Less: Cash and bank balances <sup>2</sup>	<b>(67.89)</b>	(258.04)
Adjusted net debt	<b>34,042.10</b>	40,104.25
Total equity	<b>225,281.04</b>	218,756.88
Less: Other components of equity	<b>7,515.19</b>	7,531.24
Adjusted equity	<b>217,765.85</b>	211,225.64
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.16</b>	0.19

- 1 Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities.
- 2 Cash and bank balances comprises of cash in hand, cash at bank and term deposits with banks excluding consortium member balances in ESCROW account, as disclosed under Note 15 (b) and balances with bank as unclaimed dividend.

**N. Derivatives**

**Derivatives not designated as hedging instruments**

The Group uses foreign currency forward contracts to manage its exposure to foreign currency fluctuations. These forward contracts are used to hedge foreign currency payables and other future

transactions. However, these foreign exchange forward contracts are not designated as qualifying hedge instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, and are generally for a term of 3 months to 12 months.

The Group has following outstanding forward contracts as on

31 March 2020: JPY Nil (INR Nil) [Previous Year - JPY Nil (INR Nil)]

31 March 2020: EUR Nil (INR Nil) [Previous Year - EUR Nil (INR Nil)]

31 March 2020: USD Nil (INR Nil) [Previous Year: USD NIL (INR Nil)]

The fair value of foreign currency forward derivative is as below:

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
	INR	INR
<b>Derivative assets</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-
<b>Derivative liabilities</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-

The Group has unhedged foreign currency exposure of ₹16261.27 Lakhs (Previous Year - ₹20610.15 Lakhs) for payables as at reporting date.

The Group has applied the principles of Ind AS 109 for the measurement of derivative financial instruments and has classified such derivative contracts as at fair value through profit or loss.

- O.** On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the following IND AS amendment vide the Companies (Indian Accounting Standards) Amendment Rules, 2019. The amendment is applicable from 1st April, 2019.

**1** [IND AS 116](#)

**LEASES**

The core principle of the new standard is for the recognition, measurement, presentation and disclosure of leases. The

objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity.

- P.** The spread of COVID-19 Pandemic and subsequent lockdown in the last week of March 2020, has impacted the Company's turnover and production due to the closure of Company's manufacturing facilities, disruption in spares & service business, non receipt of materials due to global Covid impact even before the lockdown in the Country on account of supply chain disruptions, restrictive movements /non availability of required trailers etc, the impact of which could not be quantified.

Based on the information available

(internal as well as external) upto the date of approval of these financial results, Company expects to recover the carrying amounts of intangible assets, trade receivables, inventory and other financial Assets. Efforts are being made to minimize

the impact and Company will continue to closely monitor the developments & future economic & business outlook and its impact on Company's future financial statements.

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

(₹ in Lakhs)

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

**R. Additional information on Consolidated Financial Statements for F.Y 2019-20**

(₹ 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
<b>Indian Subsidiaries</b>				
Vignyan Industries Limite	0.00%	(0.66)	-7.32%	(466.44)
MAMC Industries Limited	-0.07%	(146.60)	-0.15%	(9.59)
<b>Total</b>		<b>(147.26)</b>		<b>(476.03)</b>
<b>Non-controlling interests</b>				
Vignyan Industries Limited		3.75		(16.05)
MAMC Industries Limited		-		-
<b>Joint Venture</b>				
Indian:				
BEML Midwest Limited *		-		-

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

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**  
Partner  
Membership No.: 217774

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

Place: Bengaluru  
Date: 27-06-2020

**S V RAVI SEKHAR RAO**  
Company Secretary

## Form AOC-I

### 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**

Sl. No.	Name of Subsidiary Company	Vignyan Industries Limited	MAMC Industries Limited
1	Reporting period of the Subsidiary Company	31.03.2020	31.03.2020
2	Reporting currency of Foreign Subsidiary	-	-
3	Exchange rate as on 31.03.2020	-	-
4	Share Capital (₹ in Lakhs)	278.97	5.00
5	Reserves & Surplus (₹ in Lakhs)	(279.63)	(151.60)
6	Total Assets (₹ in Lakhs)	1,184.40	458.13
7	Total Liabilities (₹ in Lakhs)	1,185.06	604.73
8	Investments (₹ in Lakhs)	Nil	Nil
9	Turnover Gross (₹ in Lakhs)	1,467.53	Nil
10	Profit before taxation (₹ in Lakhs)	(470.00)	(9.59)
11	Provision for taxation (₹ in Lakhs)	-	-
12	Profit after taxation (₹ in Lakhs)	(470.00)	(9.59)
13	Proposed Dividend	₹Nil	₹Nil
14	% of Shareholding	96.56%	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	5422500
	No.	
	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% paid-up 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 Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated.
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 Applicable

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. J. SIVAKUMAR**

Partner

Membership No.: 217774

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

Place: Bengaluru

Date: 27-06-2020

**S V RAVI SEK HAR RAO**

Company Secretary



## INDEPENDENT AUDITOR'S REPORT

To the members of **BEML LIMITED**

### Report on the Audit of Consolidated Financial Statements

1. We are issuing this revised Independent Auditor's Report on the Consolidated Financial Statements of **BEML LIMITED** based on the revision of audit report by the statutory auditors of its subsidiary **VIGNYAN INDUSTRIES LIMITED [VIL]** on 14.08.2020.

#### Qualified Opinion

2. We have audited the accompanying consolidated financial statements of **BEML LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities which comprise consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").
3. In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matters described under the "Basis for Qualified Opinion" section of our report**, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of

affairs of the company as at March 31, 2020 and its consolidated **PROFIT**, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Qualified Opinion:

##### **BEML MIDWEST LIMITED:**

4. As explained in Note.7, 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.

##### **VIGNYAN INDUSTRIES LIMITED [VIL]**

5. MoD (Ministry of Defense) vide their letter dated 3<sup>rd</sup> September 2019 has directed BEML to initiate and complete the disinvestment process by 4 months and in case no strategic buyer is found. BEML shall initiate the process of closure. BEML Board in turn initiated action for disinvesting VIL. PIM/EOI was uploaded in BEML/MOD, DDP/DIPAM websites, including in the website of TA (Resurgent India) on 04.09.2019 and also published in newspapers on 05.09.2019 for inviting suitable buyers for the same. However, as per information provided to us, no bid was received and as per alternative mechanism there exists no option for the company but to initiate closure. Also, the company has once again approached MoD for its approval for closure. The directions from MoD was awaited on the date of signing the original report.
6. The entire production of VIL is captively consumed by BEML and VIL as no or insignificant supplies to customers other than BEML. It is not out of the place to mention that in absence of contracts from BEML, there

arises significant doubts on the future cash flow of the company and consequently its ability to continue as a going concern. The financial statements do not adequately disclosed this fact.

7. We conducted our audit in accordance with the Standards on Auditing [SAs] specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the audit of consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter:

8. We draw our attention to:
- Note No.11 (a)** in respect of the amount advanced to MAMC consortium for Rs.6053.89 lakhs, realization/settlement of which depends on approval from Ministry of Defence and viable business plan.
  - Note No.14** Note No.14 in respect of Trade receivable from MOD Rs. 4,929.12 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 company has received the requisite amendment to the contract in this regard from MOD towards acceptance of BEML's claim on account of exchange rate variation in Euro and the realization of these receivables depends on the final determination of the amount payable by MOD.
  - Refer Note 18 (ii)** for Claims

outstanding from railway board for which an Inter- Ministerial Committee has been formed by MOD to resolve the issues and the company does not expect material impacts on its realization.

- Note No. 39(G)** regarding pending confirmation, reconciliation, review/adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.
- Note No. 39(P)** with respect to impact of COVID 19 and its consequential impact.
- In the books of MAMC Industries Limited, company is holding lease hold land taken from Urban Development Dept, Govt of West Bengal on 7th March 2011 and the said land is lying without erection of factory and as per the term No.25 of said lease deed, the Govt. of West Bengal has right to re-enter and take back the possession of the said land if no factory is erected within two years from the date of lease-and also have to right to cancel the lease deed. Further, the lease rentals remain unpaid since the date of lease, see Note No.3, Property, Plant and Equipment attached to the Balance Sheet, which is in non observance of point no 23 of the said lease deed.

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

#### Key Audit Matters:

9. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

SI.No	Key Audit Matters	Auditor's Response
a.	<p><b><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):</i></b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p><i>Refer Note No.30 to the Consolidated Financial Statements</i></p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>o Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>o Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>o Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>▪ Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>▪ Compared these performance obligations with that identified and recorded by the Company.</li> <li>▪ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>▪ In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>▪ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>▪ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul> <p>We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>
b.	<p><b>Recoverability and assessment of Trade Receivables, advances, balances with government departments</b></p> <p>Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of (i) Earth Moving equipment (ii) Rail &amp; Metro Products (iii) Defence products (iv) spares and services (v) Advance to Vendors and (vi) Duties and taxes etc.</p> <p>These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realisable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>o Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis.</li> <li>o Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed.</li> <li>o Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and latest correspondence with customers and to consider if any additional provision should be made; and</li> <li>o Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.</li> </ul> <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p>

		<p>We have drawn attention in Emphasis of Matters on trade receivables, advances and balances with government departments which, in our judgement, are fundamental to the users' understanding of the financial statements.</p>
<p>c.</p>	<p><b>Disputes and potential litigations:</b></p> <p>Refer to Note 39.D.I.a.i. in the consolidated financial statements</p> <p>The Company is involved in legal proceedings on disputed tax demands. The company's management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands.</p> <p>Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes. We verified the demands with extracts of concerned web-portals produced on, sample basis.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements:

10. The Holding Company's Board of Directors is responsible for preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including its Associates and Jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities 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; 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 which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid..
11. In preparing the consolidated financial statements the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no

realistic alternative but to do so.

12. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and its associates and jointly controlled entities.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

13. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company and its subsidiary companies which are companies

incorporated in India has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of

our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters:**

14. We did not audit the financial statements/financial information of the subsidiary VIGNYAN INDUSTRIES LIMITED, whose financial statements/financial information reflect total assets of Rs. 1,184.41 lakhs as at 31.03.2020 and loss of Rs. 466.44 lakhs and net cash outflow amounting to Rs. NIL for the then year ended on that date as considered in the consolidated financial statements. The financial statements/financial information has been audited by other auditors and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.

15. We did not audit the financial statements of

the subsidiary MAMC Industries Limited, whose financial statements reflect total assets of Rs. 458.13 lakhs as at 31.03.2020 and loss of Rs. 9.59 lakhs and net cash outflow amounting to Rs. 0.06 lakhs for the then year ended on that date as considered in the consolidated financial statements. The financial statements/financial information have been audited by other auditors whose report has been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.

16. We did not audit the financial statements of the subsidiary BEML BRAZIL INDUSTRIAL LTDA, whose financial statements reflect total assets of Rs. NIL as at 31.03.2020 and loss of Rs. NIL lakhs and net cash out flow amounting to Rs. NIL for the then year ended. The financial statements have been audited by other auditor under local laws of Brazil. The financial information as on the date of consolidation has been furnished by the Management, by adopting average exchange rate of conversion for the year in respect of Statement of profit and loss and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosure of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.

17. 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**

18. As required by section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements

b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports or the other auditors.

c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account 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 section of our report, 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 section 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 Group and the operating effectiveness of such controls, refer to our separate Report in **Annexure A.**

g) With respect to 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and



- jointly controlled entities. Refer Note 39(D)(I)(a)(ii) of consolidated financial statements.
- ii. The Group its associates and jointly controlled entities did not have any derivative contracts but have provided material foreseeable losses of Rs. 120.18 Lakhs ( PY Rs. 1123.57 Lakhs) for onerous contracts (Refer Note 37).
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Regn No: 001541S

**J. SIVAKUMAR**-Partner  
Membership No. 217774  
UDIN: 20217774AAAABU3723

Place: Bengaluru (camp)  
Date: 18.8.2020

## ANNEXURE-A

**Referred in clause (f), paragraph 15 of the INDEPENDENT AUDITOR'S REPORT of even date on the consolidated financial statements of M/s. BEML LIMITED for the year ended 31.03.2020**

**Report on the Internal Financial Controls with reference to the financial statements 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 **M/s. BEML LIMITED** (hereinafter referred 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, 2020 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 (the Guidance Note) issued by the Institute of Chartered Accountants of India [ICAI]. 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 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, 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 judgement, 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 control 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 control 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 authorisations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 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 Group (except BEML MIDWEST JOINT VENTURE ENTITY which has not maintained books of accounts and BEMEL BRAZIL INDUSTRIAL LTDA, which has been registered outside India) has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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 V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Regn No: 001541S

**J.SIVAKUMAR**-Partner  
Membership No. 217774  
UDIN: 20217774AAAABU3723

Place: Bengaluru (camp)  
Date: 18.8.2020

## ADDENDUM TO THE BOARD'S REPORT

### Company's reply to the observation of Statutory Auditor's in their Consolidated Audit Report

Para No.	Auditor's Observation	Company's Reply
4	As explained in Note 07, 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 Ltd., 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. Provision for diminution in the value of investment in the JV company is already made. The impact, if any, on account of non-consolidation is not expected to be material.
5	MoD (Ministry of Defense) vide their letter dated 3rd September 2019 has directed BEML to initiate and complete the disinvestment process by 4 months and in case no strategic buyer is found. BEML shall initiate the process of closure. BEML Board in turn initiated action for disinvesting VIL. PIM/EOI was uploaded in BEML/MOD, DDP/DIPAM websites, including in the website of TA (Resurgent India) on 04.09.2019 and also published in newspapers on 05.09.2019 for inviting suitable buyers for the same. However, as per information provided to us, no bid was received and as per alternative mechanism there exists no option for the company but to initiate closure. Also, the company has once again approached MoD for its approval for closure. The directions from MoD was awaited on the date of signing the original report.	VIL's Financial Statements has been made as a Going Concern as of 31.03.2020 since operations were on for the full Financial Year.  MoD vide letter dated 07.07.2020 has intimated that the competent Authority has accorded "in-principle" approval for closure of VIL and the process is underway.



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सं./No.: Insp./BEML/ Accs(2019-20)/2020-21/ 157

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and ex-Officio MEMBER, AUDIT BOARD.  
BENGALURU - 560 001.

दिनांक/DATE :

19 August 2020

To  
Shri Deepak Kumar Hota,  
Chairman and Managing Director,  
M/s. BEML Limited,  
BEML Soudha, S.R.Nagar,  
Bangalore-560 027.

Sir,

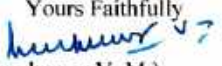
Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated Financial Statements of **M/s BEML Limited, Bengaluru** for the year ended 31 March 2020.

I forward "Nil Comments" Certificates 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 Standalone and Consolidated Financial Statements of **M/s. BEML Limited, Bengaluru** for the year ended 31 March 2020.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and
- (iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication to the index.

The receipt of this letter may please be acknowledged.

Yours Faithfully  
  
(Arun kumar V. M.)  
Deputy Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001

दृ.भा/Phone : 2226 7646 / 2226 1168  
E-mail : mabbangalore@cag.gov.in

फैक्स/Fax : 080-2226 2491

**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 2020**

The preparation of consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2020 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are 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 revised Audit Report dated 18.08.2020 which supersedes their earlier Audit Report dated 27 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2020 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of M/s. BEML Limited, Bengaluru, M/s. Vignyan Industries Limited, Tarikere, but did not conduct supplementary audit of the financial statements of, M/s. MAMC Industries Limited, Kolkata, M/s. BEML Midwest Limited, Hyderabad and M/s. BEML Brazil Industrial Ltd, Brazil for the year ended on that date. Further, section 139(5) and 143(6)(a) of the Act are not applicable M/s. BEML Midwest Limited, Hyderabad and BEML Brazil Industrial Ltd, Brazil, being private entities incorporated in India/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 Auditor nor conducted the supplementary audit of this company. 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 supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6)(b) of the Act.

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

  
(Santosh Kumar)

Principal Director of Commercial Audit

Place: Bengaluru  
Date: 19 August 2020

## Corporate Data

### BOARD OF DIRECTORS:

#### FUNCTIONAL DIRECTORS:

Dr. D K Hota  
Chairman & Managing Director

Shri Suraj Prakash  
Director (Finance)

Shri MV Rajasekhar  
Director (Mining & Construction  
Business)

Shri R Panneer Selvam  
Director (Human Resources)

Shri Ajit Kumar Srivastav  
Director (Defence Business)

#### GOVERNMENT NOMINEE DIRECTOR:

Shri Puneet Agarwal  
Joint Secretary (Land System),  
Dept. of Defence Production,  
Ministry of Defence

#### INDEPENDENT DIRECTORS:

Dr. Gurmohinder Singh

Shri Arvind Kumar Arora

Smt. Balmuri Vanitha

### COMPANY SECRETARY:

Shri S V Ravisekhar Rao

### CHIEF VIGILANCE OFFICER

Shri Vidya Bhushan Kumar

### EXECUTIVE DIRECTORS

1. Shri Shankar B
2. Shri Amit Banerjee
3. Shri Radhakrishna KR
4. Shri Shantanu Roy
5. Shri Nagaraj P
6. Shri Sivakumar P
7. Shri Umashankar
8. Shri H.S. Ranganath (Offtg.)

### CHIEF GENERAL MANAGERS:

9. Shri Satyasha Simha
10. Shri Sanjay Som

11. Shri Sumanta Kumar Saha
12. Shri Srinivasan G
13. Shri Basudev Mishra
14. Shri Ramesh K N
15. Shri Vivek V Nayak
16. Shri Pawan Kumar
17. Shri Debi Prasad Satpathy
18. Shri Anil Jerath
19. Shri Jai Gopal Mahajan
20. Shri Soumitra Sen
21. Shri Sekar V
22. Shri Shashikanth KC
23. Shri Belle Ashok Kumar  
(Offtg.)
24. Shri Srinivasa GP (Offtg.)

### GENERAL MANAGERS:

25. Shri Satheesha N V
26. Shri Sunder Raj K
27. Shri Umesh OR
28. Shri Tamilselvan AS
29. Shri Srinivasa R
30. Shri Viswanatha N G
31. Shri Sundarshan K S
32. Shri Ishwara Bhat V
33. Shri Chandrasekar L
34. Shri Nehru Babu A
35. Shri Venkata Subba Rao V
36. Shri Sasi Kumar K
37. Shri Sunil R Kharad
38. Shri Paritosh Pandey
39. Shri Kallol Roy
40. Shri Manoj Kumar Jha
41. Shri Anup Ratan  
Bhattacharya
42. Shri Venugopal R
43. Shri Prahlada Gowda K O
44. Shri Gopala Naika CB
45. Shri Subramanyam SM
46. Shri Nagaraja HV
47. Shri Ramachandrappa G
48. Shri Praveen Kumar Mathpal
49. Shri Ramamurthy TK
50. Shri Sridhara SR
51. Shri Chandra Gopal Raju K
52. Shri Vikas Chandra Kureel
53. Shri Col. (Retd.) George  
Jacob
54. Shri Prasanna Kumar Ballal
55. Shri Govinda Raju MG
56. Shri Abenezzer Samir Khess
57. Shri Sylaja V
58. Shri Subhaschandra L  
Budhihal
59. Shri Gp Capt. Chakrapani  
Mandela (Retd)
60. Dr. Mythili
61. Shri Shekhar K
62. Shri Patil R A S
63. Shri Sridhar J S
64. Shri Hadubandhu Sahu
65. Shri Idaya Kumar R
66. Shri Vidhyadharan M.K  
(Offtg.)
67. Shri S.V.Ravi Sekhar Rao  
(Offtg.)
68. Shri Aparup Sinha (Offtg.)
69. Shri Poongumaran P (Offtg.)
70. Shri Yogananda H R (Offtg.)
71. Shri Sujit Kumar Bhuniya  
(Offtg.)

### BANKERS:

1. State Bank of India
2. Canara Bank
3. Axis Bank
4. Bank of Baroda
5. Bank of India
6. Indian Bank

7. IDBI Bank
8. HDFC Bank
9. Union Bank of India
10. Deutsche Bank

**LEGAL ADVISORS:**

M/s Just Law  
Bengaluru

M/s Sundaraswamy & Ramdas  
Bengaluru

National Law School of India  
University  
Bengaluru

**STATUTORY AUDITORS:**

M/s. V. Krishnan & Co.,  
Chartered Accountants  
Tamil Nadu

**COST AUDITORS:**

M/s R M Bansal and Co,  
Cost Accountants, Bengaluru

**SECRETARIAL AUDITORS:**

M/s. V N Associates  
Practicing Company Secretaries  
Bengaluru

**REGISTRAR & SHARE  
TRANSFER AGENT**

M/s Kfin Technologies Private  
Limited  
Hyderabad

**DEBENTURE TRUSTEE**

M/s SBICAP Trustee Company  
Limited  
Mumbai

**OFFICES:**

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

"BEML SOUDHA",  
No. 23/1, 4<sup>th</sup> Main,  
Sampangirama Nagar,  
Bengaluru - 560027

**Trading & Marketing Division:**

4<sup>th</sup> & 5<sup>th</sup> Floor, Unity Buildings,  
J C Road, Bengaluru -560002

**UNITS:**

**Bengaluru Complex:**

P B No. 7501  
New Tippasandra Post  
Bengaluru - 560075

**KGF Complex:**

BEML Nagar  
Kolar Gold Fields - 563115

**Mysuru Complex:**

Belvadi Post, Mysore - 570018

**Palakkad Complex:**

KINFRA Park  
Menon Para Road  
Kanjikode East  
Palakkad -678621

**SUBSIDIARY COMPANIES:**

**Vignyan Industries Limited**

Haliyur, BH Road,  
Tarikere Post -577228

**MAMC Industries Limited**

No. 35/1-A, Taratala Road  
Kolkata -700088

**JOINT VENTURE COMPANY:**

BEML Midwest Limited  
C-91, BEML Janatha Flats,  
Punjagutta, Hyderabad- 560082

**REGIONAL OFFICES:**

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

**DISTRICT OFFICES:**

1. Ahmedabad
2. Asansol
3. Bachel
4. Bhilai
5. Bhubaneswar
6. Chandrapur
7. Chennai
8. Guwahati
9. Hospet
10. Jammu
11. Kothagudem
12. Leh
13. Ramagundam
14. Udaipur
15. Vijayawada

**SERVICE CENTRES:**

1. Bilaspur
2. Hyderabad
3. Kolkata
4. New Delhi
5. Singrauli

**WAREHOUSE FOR DEFENCE:**

1. Pune
2. Jodhpur

**ACTIVITY CENTRES**

1. Bhopal
2. Itanagar
3. Kochi
4. Madurai
5. Mahar
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7. Silapathar
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## बीईएमएल लिमिटेड **BEML LIMITED**

Schedule 'A' Company under Ministry of Defence

Marketing Division (Defence) : 4th & 5th Floor, Unity Building, JC Road, Bengaluru - 560 002.

Tel : 080 - 2296 3522, 2296 3523 | e-mail : [mi@beml.co.in](mailto:mi@beml.co.in)

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