

Manufacturing Units :

Bangalore Complex

 Tel : 080-25242414
 e-mail : bemlogmr@vsnl.com

KGF Complex

 Tel : 08153-263020
 e-mail : bemlede@vsnl.net.in

Mysore Complex

 Tel : 0821-2402422
 e-mail : bemlmys@sancharmet.in

International Business Division

 Tel : + 91-80-2222 2730, 2223 3350
 e-mail : office@export.beml.co.in

Technology Division

 Tel : + 91-80-2296 3100-109
 e-mail : office@ctd.beml.co.in

Trading Division

 Tel : + 91-80-22963113
 e-mail : office@trading.beml.co.in

Regional Offices :

Bilaspur

 Tel : 07752-252082
 e-mail : bilaspur@rm.beml.co.in

Chennai

 Tel : 044-28270792
 e-mail : chennai@rm.beml.co.in

Hyderabad

 Tel : 040-23227032
 e-mail : hyderabad@rm.beml.co.in

Kolkata

 Tel : 033-22826314
 e-mail : kolkata@rm.beml.co.in

Mumbai

 Tel : 022-22049490
 e-mail : mumbai@rm.beml.co.in

Nagpur

 Tel : 0712-2248435
 e-mail : nagpur@rm.beml.co.in

New Delhi

 Tel : 011-23316500
 e-mail : delhi@rm.beml.co.in

Ranchi

 Tel : 0651-2560370
 e-mail : ranchi@rm.beml.co.in

Sambalpur

 Tel : 0663-2521604
 e-mail : sambalpur@rm.beml.co.in

Singrauli

 Tel : 07805-268260
 e-mail : singrauli@rm.beml.co.in

BEML Service Centres :

Mouja Ali, Hyderabad

 Tel : 040-27240873
 e-mail : sh@Zonal.beml.co.in

 Ongole - Service Activity Centre
 Mobile No. : 9440312607

Service Activity Centre

 Katni - 483501 (M. P.)
 Mobile No. : 9425156473

Service Centre & Stores

 Kolkata - 700088
 Tel : 033-24010782
 e-mail : storeskolkotte@rm.beml.co.in

Ref: CS/50-AGM/092

22.08.2014

Listing Department – DCS-CRD

 The Bombay Stock Exchange Limited,
 P.J.Towers, 26th Floor,
 Dalal Street, MUMBAI - 400 001

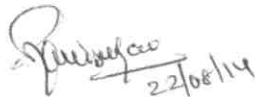
Dear Sirs,

Sub : Annual Report for the year 2013-14 along with Form A and B under Clause 31(a) of the Equity Listing Agreement - Reg.

Please find enclosed the soft copy of Annual Report for the year 2013-14 along with Form A and B, in terms of Clause 31(a) of the Listing Agreement for your reference & records.

Thanking you.

 Yours faithfully
 For BEML LIMITED



 (S V Ravisekhar Rao)
 Asst. General Manager - Company Secretariat

Encl : As above

Cc: The National Stock Exchange of India Limited
 Exchange Plaza,
 Bandra-Kurla Complex, Bandra (East),
 Mumbai – 400 051



BEML LIMITED

(CIN: L35202KA1964GOI001530)

BANGALORE

ANNUAL REPORT

2013-14

<i>ANNUAL GENERAL MEETING HELD ON</i>		
18.09.2014	15.15 HOURS	API BHAVANA # 16/F, MILLERS TANK BED AREA VASANTHANAGAR BANGALORE – 560052

<i>Contents</i>	
	<i>Page No.</i>
Board of Directors	1
Chairman's Letter.....	2
Corporate Vision, Mission and Objectives	3
Financial Highlights.....	4
Notice.....	6
Board's Report	11
Report on Corporate Governance including Management Discussion & Analysis Report	24
Significant Accounting Policies	45
Balance Sheet	50
Statement of Profit and Loss.....	51
Cash Flow Statement	52
Notes to Financial Statements.....	53
Independent Auditors' Report	85
Comments of the Comptroller & Auditor General of India	92
Consolidated Significant Accounting Policies	93
Consolidated Balance Sheet	98
Consolidated Statement of Profit and Loss.....	99
Consolidated Cash Flow Statement	100
Notes to Consolidated Financial Statements.....	101
Independent Auditors' Report on Consolidated Financial Statements	134
Statement of Subsidiary Companies.....	138
Corporate Data	141

BOARD OF DIRECTORS*



P Dwarakanath
Chairman & Managing Director



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



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



Shri C Balakrishnan
Director



Shri N P Gupta
Director



Shri Suhas Anand Bhat
Director



Shri C N Durgesh
Director
(Mining & Construction)



Shri P R Naik
Director
(Defence)



**Shri Deepak Kumar
Hota**
Director (HR)



**Shri Pradeep
Swaminathan**
Director (Finance)



**Shri Aniruddh
Kumar**
Director (Rail & Metro)

Chairman's Letter...

Dear Shareholders,

The year gone by has been a challenging year for Indian Industry. Against the back drop of this challenging environment, your company has turned in a reasonable performance. The Annual report brings you the audited accounts and other related documents for the year 2013-14 for your consideration and adoption at the ensuing Annual General Meeting.

Performance Overview

The assessment of the Company's performance for the financial year ended 31.3.2014 has been made. Despite the difficult situation, your Company has been able to register sales with ED of ` 3120 Crs posting growth of 4% over the previous year's achievement of ` 2999 Crs.

The Mining & Construction business achieved Sales with ED of ` 1594 Crs registering a growth of 4.45% over previous year inspite of around 15% de-growth in domestic and global markets. The Rail & Metro business achieved net sales with ED of ` 1370 Crs, an increase of 25% over the previous year. The Defence business recorded net sales with ED of ` 148 Crs against ` 347 Crs in the previous year mainly because of prevailing extra-ordinary situation.

With the above performance, your Company achieved a gross margin of ` 173 Crs during 2013-14 as against ` 69 Crs during the previous year. The PBT (Profit Before Tax) stood at ` 9 Crs for the year. The Company has closed the year with a healthy order book position of ` 6052 Crs and further orders are expected.

Design, Development and up-gradation efforts of in-house R&D resulted in development of two new products i.e., BG 605I Motor Grader & BE 220G Hydraulic Excavator besides upgradation of BH 100 Dumper & BD 155 Dozer. It is a matter of pride that new products developed by R&D have received accolades / awards during 2013-14. Some of them include:

- "Raksha Mantri Award" for Design Effort for design & development of Country's first Stainless Steel Electric Multiple Unit (SS EMU)" for Indian Railways for Sub-urban commuting.
- 150T Dump Truck BH 150E has bagged the "Engineering Excellence Award 2013" for "Best Engineering Marvel for Self Reliance and Public Choice Award".
- SS EMU also bagged the "Engineering Excellence Award 2013" as "Public Choice Award".

Towards self-reliance, while your Company has already achieved over 90% indigenisation in the mainline M&C Products, Rail Coaches & EMUs all out efforts are underway to reach higher level of indigenisation in Defence products also.

On CSR front, your Company has tied up with NGOs to help differently abled people of backward regions by distributing aids & appliances. Plantation of tress across campuses and distribution of saplings was part sustainability & Green Initiative.

Plan for the year 2014-15

During 2014-15, the industrial sector is expected to grow by 3.3% and the Mining Sector by 2.8%. This augurs well for the Company, especially to the M&C Segment. In this projected positive scenario and keeping in view the present order book we have set ourselves a net sales target at ` 3600 for the year 2014-15.

Domestic and global M&C market is yet to pick up. All strategies are in place to capture maximum out of available business in the domestic market and increased sales in export market through better customer focus, service and concerted efforts targeting a reasonable growth over 2013-2014.

In the Rail & Metro business, we will continue to progress with a reasonable growth and be a major player in the Rail Transportation segment of the country.

In the Defence business vertical, we are confident of resolving the constraints enabling execution of already available orders on hand and also improve the performance of Defence business segment by generating business from OFB and other DPSUs.

Plans are also in place to diversify into new products such as Continuous Miner & Mine Cruiser in the area of M&C business, Light Rail vehicles (LRVs) & Electric Buses in Rail & Metro segment and overhauling of ARVs, HDTs & aggregates for Aerospace sector as a new revenue stream in Defence vertical.

On HR front, we have tied up with a highly reputed institute M/s IITM - Chennai for capability building of our engineers.

3 year R&D perspective plans for all the three business groups have been drawn, in line with the changing technology trends, to match the global standards & customer needs.

In pursuit of excellence in performance, we are working towards achieving benchmark parameters vis-a-vis domestic & global competitors.

Your Company is committed for enhanced value creation to its stakeholders & society at large by taking up activities & initiatives for sustainable growth with environmental concern.

A detailed report on compliance of the guidelines on Corporate Governance under the listing agreement entered into with the stock exchanges and the guidelines issued by the Department of Public Enterprises for CPSEs form part of the Board's Report.

Thus BEML has put in place appropriate action plans with conviction and courage to rise to challenges.

I am confident that with our continuous dedicated efforts, commitment and hard work, BEML shall move to achieve greater heights in this 'Golden Jubilee Year' & in future to meet the expectation of our stakeholders.

To conclude, on behalf of Board of Directors of the Company, I would like to express my gratitude to our shareholders and valuable customers for their trust and support as well as my deep appreciation to all employees & executives for their untiring efforts & contribution.

I also would like to take this opportunity to thank all my fellow Directors on the board for their unstinted support in running the operations of your Company.

I also gratefully acknowledge the valuable guidance & support received from Ministry of Defence and other administrative Departments of Government of India and co-operation from the collaborators.

With warm regards,

Sd/-
(P Dwarkanath)
Chairman & Managing Director

CORPORATE VISION, MISSION AND OBJECTIVES

A) Vision

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

B) Mission

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

C) Objectives

- (i) To achieve around 12% growth in 2014-15.
- (ii) To work to achieve Gross Operating Margin of 10% of Net Sales.
- (iii) To maintain a dominant position in design, development, manufacture and marketing of Defence, Mining & Construction equipment, Rail & Metro equipment focusing on timely development of in-house R&D products as envisaged in the 3 year R&D plan document.
- (iv) To provide engineering solutions to customers through continuous in-house R&D for enhanced customer satisfaction.
- (v) To achieve minimum 10% of exports sales in Mining & Construction Group.
- (vi) To up-grade all Company products to state-of-the-art technology to meet market needs and benchmark standards.
- (vii) Continuous development of skills and competencies to bring about Employee / Executive effectiveness.



FINANCIAL HIGHLIGHTS

SL NO	PARTICULARS	UNITS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
A	Our earnings									
	Revenue billed - Domestic	` Lakhs	318115	309164	350432	342957	343268	270913	251273	249106
	- Export	` Lakhs	8105	19813	14405	21750	15625	30434	20062	11073
	Total Revenue billed	` Lakhs	326220	328977	364837	364707	358893	301347	271334	260179
	Less: Value of Consortium supplies	` Lakhs	14203	29090	72779	82091	58302	8257	-	-
	Revenue billed net of Consortium									
	Supplies	` Lakhs	312017	299887	292058	282616	300591	293090	271334	260179
	Less: Excise Duty	` Lakhs	20866	18996	19409	17392	13641	13373	17374	17792
	Revenue from operations	` Lakhs	291151	280891	272649	265224	286950	279717	253960	242387
	Change in WIP/SIT	` Lakhs	(9706)	6992	42882	14800	15099	28072	11360	(1104)
	Value of Production (with Revenue									
	from Operations)	` Lakhs	281445	287883	315531	280024	302049	307789	265321	241283
	Value of Production (with Revenue									
	Billed)	` Lakhs	316514	335969	407719	379507	373992	329419	282695	259075
B	Our outgoings									
	Cost of materials	` Lakhs	161734	172427	184633	165880	180084	185089	160957	148403
	Emp. Rem. & Benefits	` Lakhs	71676	73940	72508	68315	55514	56919	44672	36379
	Depreciation	` Lakhs	5356	5025	4392	3364	3222	2731	1770	1352
	Other Expenses(net)	` Lakhs	38654	45996	45901	37938	36996	31296	31114	28510
	Interest	` Lakhs	11046	14099	8843	6127	4893	3925	2309	561
C	Our savings									
	PBDIT	` Lakhs	17310	6891	19881	28166	40070	45403	38880	33517
	PBIT	` Lakhs	11954	1866	15489	24802	36848	42672	37110	32165
	PBT	` Lakhs	908	(12233)	6646	18675	31955	38747	34801	31604
	PAT	` Lakhs	468	(7987)	5725	14976	22285	26884	22565	20493
D	Own capital									
	Equity	` Lakhs	4177	4177	4177	4177	4177	4177	4177	3687
	Reserves and surplus	` Lakhs	203807	203826	213031	209727	199607	187360	166393	99661
E	Loan capital									
	Loans from GOI	` Lakhs	-	-	-	-	-	-	-	-
	Loans from Banks	` Lakhs	54110	85181	83335	67419	75305	47091	30327	2557
	Other loans	` Lakhs	41481	40959	12525	14091	15550	9673	-	-
F	Financial Statistics									
	Net worth	` Lakhs	207984	208003	217208	213904	203639	190708	169176	101459
	Gross Block	` Lakhs	120062	118377	112845	94543	79871	74951	68028	59643
	Depreciation	` Lakhs	70193	65303	59923	55590	52484	49402	46970	45257
	Net Block	` Lakhs	49869	53074	52922	38953	27387	25549	21058	14386
	Inventories	` Lakhs	215210	245620	242241	188891	165300	162058	92958	72928
	Trade Receivables	` Lakhs	115671	122452	100598	128840	136074	154527	149606	90426
	Working capital	` Lakhs	198422	206756	205462	162399	259646	218771	174884	86676
	Capital Employed	` Lakhs	248291	259830	258384	201352	287033	244320	195942	101062
	Value added	` Lakhs	119711	115456	130898	114144	121965	122700	104364	92880
	Dividend-Excl. Tax	` Lakhs	416	1041	2082	4164	4164	4997	4997	4409
	R&D Expenditure	` Lakhs	8623	9436	9779	9433	9720	3198	1926	1805
	No. of Employees	Nos	10328	11005	11644	11798	12052	12600	12286	11748
G	Financial Ratios									
	Revenue from operations per Employee	` Lakhs	28.19	25.52	23.42	22.48	23.81	22.20	20.67	20.63
	Value Added per Employee	` Lakhs	11.59	10.49	11.24	9.67	10.12	9.74	8.49	7.91
	PBT to Revenue from operations	%	0.31	(4.36)	2.44	7.04	11.14	13.85	13.70	13.04
	PBIT to Capital employed	%	4.81	0.72	5.99	12.32	12.84	17.47	18.94	31.83
	PAT to Net worth	%	0.23	(3.84)	2.64	7.00	10.94	14.10	13.34	20.20
	Debt Equity ratio	Times	0.46	0.61	0.44	0.38	0.45	0.30	0.18	0.03
	EPS	`	1.12	(19.18)	13.75	35.96	53.51	64.56	56.19	55.77
	Dividend	%	10.00	25.00	50.00	100.00	100.00	120.00	120.00	120.00
	Revenue from operations to Capital									
	employed	%	117.26	108.11	105.52	131.72	99.97	114.49	129.61	239.84

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

ii) Trade Receivables includes Unbilled Revenue amounting to ` 17935 Lakhs shown under Other current assets in the accounts (Previous Year - ` 36301 Lakhs)

FINANCIAL HIGHLIGHTS

SL NO	PARTICULARS	UNITS	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
A	Our earnings									
	Revenue billed - Domestic	` Lakhs	214435	179745	171316	165972	130872	119760	99469	120210
	- Export	` Lakhs	6149	5856	5259	2145	11543	14980	32240	1052
	Total Revenue billed	` Lakhs	220584	185601	176575	168117	142415	134740	131709	121262
	Less: Value of Consortium supplies	` Lakhs	-	-	-	-	-	-	-	-
	Revenue billed net of Consortium Supplies	` Lakhs	220584	185601	176575	168117	142415	134740	131709	121262
	Less: Excise Duty	` Lakhs	14630	12322	9354	11005	9170	9608	7497	8081
	Revenue from operations	` Lakhs	205954	173279	167221	157112	133245	125132	124212	113181
	Change in WIP/SIT	` Lakhs	(2627)	2994	(7388)	5899	1195	(423)	(2324)	3153
	Value of Production (with Revenue from Operations)	` Lakhs	203327	176273	159833	163011	134440	124709	121888	116334
	Value of Production (with Revenue Billed)	` Lakhs	217957	188595	169187	174016	143610	134317	129385	124415
B	Our outgoings									
	Cost of materials	` Lakhs	127624	103505	105319	111449	90318	79540	77685	73738
	Emp. Rem. & Benefits	` Lakhs	33357	35616	34678	33407	32562	36662	26349	24132
	Depreciation	` Lakhs	1412	2299	1829	1930	2214	2340	2679	2572
	Other Expenses(net)	` Lakhs	35136	27052	29191	31231	19171	15946	16897	17552
	Interest	` Lakhs	461	179	148	300	2226	3120	6399	8878
C	Our savings									
	PBDIT	` Lakhs	30415	29758	6995	6017	5741	6525	11438	11722
	PBIT	` Lakhs	29003	27459	5166	4087	3527	4185	8759	9150
	PBT	` Lakhs	28542	27280	5018	3787	1301	1065	2360	272
	PAT	` Lakhs	18693	17528	2417	2610	535	600	1460	62
D	Own capital									
	Equity	` Lakhs	3687	3687	3687	3687	3687	3687	3687	3687
	Reserves and surplus	` Lakhs	84284	69781	56437	54827	55978	55689	55497	54937
E	Loan capital									
	Loans from GOI	` Lakhs	-	-	-	-	-	-	-	1440
	Loans from Banks	` Lakhs	2488	7491	3148	3130	27255	23471	37537	47305
	Other loans	` Lakhs	-	-	180	220	2778	6288	10855	22951
F	Financial Statistics									
	Net worth	` Lakhs	85390	69439	56888	53219	55559	55700	57774	57752
	Gross Block	` Lakhs	56512	54395	54334	53425	52851	52695	52199	50618
	Depreciation	` Lakhs	43992	42738	40949	39213	37648	35805	33509	31058
	Net Block	` Lakhs	12520	11657	13385	14212	15203	16890	18690	19560
	Inventories	` Lakhs	64908	62080	57327	74850	63886	63868	61079	67961
	Trade Receivables	` Lakhs	77021	60820	44356	49418	56730	52067	52016	60665
	Working capital	` Lakhs	73460	64658	47933	43454	69190	67512	86838	108655
	Capital Employed	` Lakhs	85980	76315	61318	57666	84393	84402	105528	128215
	Value added	` Lakhs	75703	72768	54514	51562	44122	45169	44203	42596
	Dividend-Excl. Tax	` Lakhs	3674	3674	735	735	441	368	735	-
	R&D Expenditure	` Lakhs	1914	1687	1498	1754	1823	1550	1372	1194
	No. of Employees	Nos	11975	12189	12922	13116	13838	14357	15117	15471
G	Financial Ratios									
	Revenue from operations per Employee	` Lakhs	17.20	14.22	12.94	11.98	9.63	8.72	8.22	7.32
	Value Added per Employee	` Lakhs	6.32	5.97	4.22	3.93	3.19	3.15	2.92	2.75
	PBT to Revenue from operations	%	13.86	15.74	3.00	2.41	0.98	0.85	1.90	0.24
	PBIT to Capital employed	%	33.73	35.98	8.42	7.09	4.18	4.96	8.30	7.14
	PAT to Net worth	%	21.89	25.24	4.25	4.90	0.96	1.08	2.53	0.11
	Debt Equity ratio	Times	0.03	0.11	0.06	0.06	0.54	0.53	0.84	1.24
	EPS	`	50.87	47.70	6.58	7.10	1.46	1.63	3.97	0.17
	Dividend	%	100.00	100.00	20.00	20.00	12.00	10.00	20.00	-
	Revenue from operations to Capital employed	%	239.54	227.06	272.71	272.45	157.89	148.26	117.71	88.27



NOTICE

NOTICE is hereby given that the 50th Annual General Meeting of BEML Limited will be held on **Thursday, the 18th September, 2014 at 15.15 hours at API Bhavana, #16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore - 560 052**, to transact the following business:

I. ORDINARY BUSINESS

1. To receive, consider, approve, and adopt the Audited Financial Statements for the year ended 31.03.2014, and the Reports of the Board of Directors and Auditors thereon.
2. To consider and declare the Dividend for the year 2013-14.
3. To elect a Director in place of Shri P.R. Naik, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Shri Rajnish Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in place of Shri C. N. Durgesh, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors for the year 2014-15.

II. SPECIAL BUSINESS

7. Appointment of Whole-time Directors:

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

“RESOLVED that Shri Pradeep Swaminathan, be and is hereby appointed as Director (Finance) of the Company with effect from 01.10.2013 on the terms and conditions as stipulated by the Government of India.”

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

“RESOLVED that Shri Aniruddh Kumar, be and is hereby appointed as Director (Rail & Metro Business) of the Company with effect from 18.04.2014 on the terms and conditions as stipulated by the Government of India.”

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

Bengaluru
08.08.2014

Notes

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company.
2. A proxy shall not act on behalf of more than 50 members or represent the member/s holding more than 10% of the total voting rights.
3. A proxy shall not have the right to speak at the AGM.
4. The prescribed proxy form is enclosed. The proxy form should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the AGM.

5. *Member/Proxy holder must bring the Attendance Slip to the AGM and hand it over at the at the registration counter as duly signed and executed.*
6. *Queries on accounts and operations of the Company, if any, may please be sent to the Company ten days in advance of the AGM so that the replies may be made available at the AGM.*
7. *Members are requested to bring their copies of the Annual Report to the AGM.*
8. *Members may visit the website of the Company www.bemlindia.com for more information on the Company.*
9. *Members are requested to address all correspondence in relation to share matters to the Company's Share Transfer Agent (STA), M/s Karvy Computershare Private Limited at the following address :*

M/s. Karvy Computershare Private Limited
 Plot No.17-24, Vittalrao Nagar
 Madhapur, Hyderabad - 500 081

 Ph : 040-44655180
 E-mail : nageswara.raop@karvy.com
 einward.ris@karvy.com
 Website : www.karvy.com
10. *Investor Grievance Redressal:*

The Company has assigned an exclusive E-mail Id: investorgrievance@beml.co.in to enable investors to register their complaints, if not adequately addressed by the STA.
11. *Members who are holding shares in more than one folio are requested to intimate to the STA the details of all their folio numbers for consolidation into a single folio. Members must quote their Folio Number / Demat Account No. and contact details such as email ID, phone/mobile contact nos., etc., in all correspondence with the Company/STA.*
12. *Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.*
13. *In terms of Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Book will remain closed from 22.08.2014 to 18.09.2014 (both days inclusive) for the purpose of the AGM.*
14. *Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors eligible for re-appointment vide Item Nos.3 to 5 are attached hereto.*
15. *Pursuant to Clause 35B of the Listing Agreement, e-voting facility is provided to all the members on the website at <https://evoting.karvy.com>. E-voting can be exercised by the members from 9.00 A.M. on 12.09.2014 to 5.00 P.M. on 14.09.2014. A distinctive user id and password to individual member is enclosed to the annual report. Necessary instructions on e-voting facility may be accessed on the website with the said user id and password. E-voting is in addition to the voting by poll at the AGM.*
16. *The dividend declared at the AGM will be made available on or after 22.09.2014 in respect of shares held in physical form to those members who are entitled to the same and whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company at the end of business hours on 21.08.2014 and in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Ltd as at the closure of that date.*



17. Pursuant to Section 124(5) of the Companies Act, 2013 the unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follows:

Dividend	Date of Declaration	For the year	Due for transfer on
Interim	18.02.2008	2007-08	25.03.2015
Final	30.09.2008	2007-08	04.11.2015
Final	25.09.2009	2008-09	30.10.2016
Final	13.08.2010	2009-10	17.09.2017
Final	29.08.2011	2010-11	04.10.2018
Final	14.09.2012	2011-12	19.10.2019
Final	13.09.2013	2012-13	18.10.2020

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

18. In case of a member who has not received/ opted for physical copy of the annual report may send a request to the Company for obtaining a copy.

Appeal to the Members in preserving environment

Ministry of Corporate Affairs (MCA) vide circular nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a Company would be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956 (corresponding provisions u/s 20 and 136 respectively under the Companies Act, 2013) if documents like notices, annual reports etc. are sent in electronic form to its Members. Accordingly, the said documents of the Company for the financial year ended March 31, 2014 will be sent in electronic form to those Members who have registered their e-mail address with their DP and made available to the Company by the Depositories.

Members holding shares in physical form are requested to submit their e-mail address to the STA, duly quoting their Folio number and Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA.

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

Item No. 7 - Appointment of Directors:

In terms of Article 107 of the Articles of Association of the Company, the President of India is vested with the power to appoint the Whole-time Directors of the Company from time to time and also shall determine the terms of office of such Directors. Accordingly, the following appointments on the Board of your Company were effected during the year as per the directives of the President of India:

➤ Shri Pradeep Swaminathan was appointed as Director (Finance) vide Ministry of Defence

letter No.10(6)/2012-D (BEML) dated 24.09.2013 in place of Shri M. Pitchiah, who attained the superannuation on 30.09.2013. Shri Swaminathan took charge on 01.10.2013.

➤ Shri Aniruddh Kumar was appointed as Director (Rail & Metro Business) vide Ministry of Defence letter No.10(15)/2012-D (BEML) dated 27.03.2014 in place of Shri P. Dwarakanath, Chairman and Managing Director, who was holding the position as additional charge. Shri Aniruddh Kumar took charge on 18.04.2014.

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

(a) Shri Pradeep Swaminathan, Director (Finance)

Shri Pradeep Swaminathan is a Bachelor of Science in Physics and a Chartered Accountant by profession. He is also a Management Accountant from Chartered Institute of Management Accountant (CIMA), London. He has about 30 years of rich experience in management accounting field. He started his career with M/s Tata Steel Limited during 1984 and he successfully handled treasury management, MIS, project evaluation and audit functions. Further, he played a key role in the establishment of M/s Tata Steel KNZ Pty Ltd, a Greenfield project for manufacture of ferrochrome in Richards Bay, South Africa. As CFO, he was responsible for project evaluation and interaction with the banks to raise funds. He joined BEML as Chief General Manager (Finance) during 2010. In 2011, he was elevated as Executive Director (Finance). Before assuming charge as Director (Finance), he was looking after treasury, financing new initiatives, MIS, Audit, Marketing Finance and Indirect Taxation.

Shri Swaminathan is a Nominee Director on Board of M/s. Vignyan Industries Limited, a subsidiary of the Company, with effect from 28.03.2013. He does not hold any equity shares of the Company.

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

Shri Aniruddh Kumar is a Bachelor of Technology in Mechanical Engineering and Master of Technology in Industrial Engineering System. He has over three decades of professional experience in Planning and Production and served in various capacities in Public Sector Companies. Prior to assuming as Director (Rail & Metro Business) on 18.04.2014, he was the Executive Director heading the Koraput Division of HAL. Before joining HAL he served in BEML as General Manager and he was with BEML during 1993 to 2009. He is a member of All India Management Association and Member of Institution of Engineers. He guided about 25 batches of University Students to complete the thesis, a pre-requisite for award of B.Tech degree. He does not hold any equity shares of the Company.

S/Shri Pradeep Swaminathan and Aniruddh Kumar being the appointees concerned, are considered to be interested in the resolutions. The Board commends the resolutions for approval of the members.

By order of the Board
For BEML Limited

Sd/-

M E V Selvamm
Company Secretary

Bengaluru
08.08.2014



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

(i) Shri PR Naik, Director (Defence Business)

Shri P. R. Naik has been appointed as Director (Defence Business) on the Board of BEML Limited with effect from 01.07.2011. He is a Mechanical Engineer from Birla Institute of Technology & Science (BITS), Pilani and an Alumnus of the IIM, Kolkata. Prior to this, Shri Naik was with L&T and worked in various capacities in production and marketing areas. Before being appointed as Director, he was Executive Director (Marketing) in BEML. He does not hold any equity shares of the Company.

(ii) Shri Rajnish Kumar, Part-time Government Director

Shri Rajnish Kumar has been appointed as Part-time Government Director on the Board of BEML Limited with effect from 02.08.2012. He belongs to 1984 batch of the Indian Defence Accounts Service and has about 30 years of functional experience in Defence services and its related organisations.

Shri Rajnish Kumar started his career during 1985 as Internal Auditor and grew to the level of Controller, Internal Auditor & Financial Advisor. He also served as Financial Advisor Navy-Director General Naval Projects, Director

(Finance) in Ministry of Defence, Integrated Financial Advisor - Air Force, Joint Controller General Defence Accounts in CGDA and as Finance Manager (Maritime and Systems).

He authored several books relating to Defence Procurement and Defence Accounting Systems. Presently, he is Additional Financial Advisor & Joint Secretary in Ministry of Defence. He does not hold any equity shares of the Company.

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

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

BOARD'S REPORT

Your Board of Directors has pleasure in presenting the 50th Annual Report and Audited Accounts for the year ended 31.03.2014.

FINANCIAL RESULTS:

(` in Crs.)

Particulars	2013-14	2012-13
Revenue billed including consortium supplies	3262.20	3289.77
Revenue including excise duty	3120.17	2998.87
Revenue from operations	2911.51	2808.91
Profit before Depreciation, Interest and Tax	173.10	68.91
Interest	110.46	140.99
Depreciation	53.56	50.25
Profit Before Tax	9.08	(122.33)
Tax Expense	4.40	(42.46)
Profit After Tax	4.68	(79.87)
Profit available for appropriations	239.49	283.31
APPROPRIATIONS :		
Proposed Dividend	4.16	10.41
Dividend tax	0.71	1.77
Debenture Redemption Reserve	4.68	-
General Reserve	-	36.32
Profit & Loss Account	229.94	234.81
Net Worth	2079.84	2080.03

TURNOVER AND PROFITABILITY:

Your Company achieved revenue billing of ` 3262.20 crores including the value of consortium supplies against ` 3289.77 crores of corresponding value in the previous year. The revenue from operations (net of consortium supplies and excise duty) stood at ` 2911.51 crores as against ` 2808.91 crores in the previous year, registering a marginal growth of 3.65%. The Value of Production (net of consortium supplies and excise duty) is ` 2814.45 crores as against ` 2878.83 crores in the previous year. The Profit before Tax was ` 9.08 crores as against loss of ` 122.33 crores recorded in the previous financial year. Though the Sales (net of consortium supplies and excise duty) has registered a marginal growth of 3.65%, non-availability of further input material for Defence supplies have affected the sales (net) of the Defence business group registering a negative growth of 59%. Despite the sluggish market

conditions in the Mining & Construction business segment, the Company could achieve a 5% increase in the sales (net) compared to the previous year. However, the sales of Rail & Metro segment registered a growth of 25% (net of consortium supplies and excise duty), which almost compensated the above reduction in Defence business, there was an overall marginal growth of 3.65%. Further, the value of production has shown declining trend of 2.24%. This is mainly because of reduction in production in Mining & Construction business keeping in view the higher level of finished goods inventory and also lower production in Defence business on account of the prevailing impasse in this line of activities.

PERFORMANCE vis-à-vis MoU:

Performance of your Company, in terms of the Memorandum of Understanding signed with the Department of Defence Production, Ministry of Defence, Government of India, was rated as "Good" for the year 2012-13 and the rating based on self-evaluation is also expected to be 'Good' for the year 2013-14.

DIVIDEND:

The Board of the Company has recommended a dividend of ` 1.00 per share i.e., 10% for the year 2013-14 keeping in view the future prospects and at the same time meeting the aspirations of the shareholders.

EXPORTS:

During 2013-14, your Company made exports aggregating ` 81.05 crores as against ` 198.13 crores in the previous year. The international presence of the Company increased to 63 countries with the entry to Taiwan and Gabon during the year.

QUALITY:

The year 2013-14 was observed as "Year of



Quality”, as declared by the Ministry of Defence. During the year -

- Comprehensive Quality Assurance Plan & Inspection and Test Plan were documented for BD355 and BH60M.
- Action plan for strategic and consequential activities to realize the objectives of 'Total Quality Assurance' was drawn and put into implementation.
- All the manufacturing divisions continue to hold the 'Quality Management Certification' based on the surveillance audit recommendations.
- Inward / Process stage rejection of vendor items brought down to 0.57% (previous year 0.82%).
- MoU targets relating to internal / external failure cost, increase in vendor base and implementation of six-sigma and 5 S were achieved.
- New initiatives were taken up in organizing training programme in the areas like - Welding Technology, Hydraulics, Hose Assy., Preparation of Check sheet, Vendor assessment & QAP, CE Marking, Electrical & Electronic aggregates and Quality Concepts like SPC Techniques, Usage of Control Charts, Kaizen, Quality Circles, QMS/ EMS, etc.

RESEARCH & DEVELOPMENT:

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

The information on R&D, Technology

Absorption, Adaptation and Innovation including the products developed by the Company during the year is at *Annexure*.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the Company's foreign exchange earnings stood at ` 73.25 crores. The total foreign exchange utilized during the year was ` 428.43 crores.

A sum of ` 0.99 crores was incurred towards deputation of personnel abroad for business / export promotion, after-sales-services and training.

FINANCE:

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

The Company's contribution to Central and State Exchequer was in the order of ` 653.67 crores during the year by way of Excise Duty, Customs Duty, Sales Tax, Service Tax, Dividend and Tax thereon, and other taxes and duties.

FIXED DEPOSITS:

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

RISK MANAGEMENT:

During the year, six functional groups of Risk Management were identified, viz., Mining & Construction Business, Rail & Metro Business, Defence Business, Marketing, Human Resource and Finance to take up the critical risks as identified by M/s Deloitte Haskin & Sells, Mumbai, the consultants engaged by the Company.

In addition to the functional risk teams, a Corporate Team has also been constituted which would co-ordinate the overall risk management system in the Company. The said teams hold monthly meetings to review the mitigation plans for the identified risks and also to identify emerging risks.

SUBSIDIARIES AND JOINT VENTURE COMPANY:

(i) Subsidiary Company - M/s Vignyan Industries Limited (VIL):

VIL has recorded the turnover of ` 36.75 crores as against ` 27.47 crores, which works out increase in turnover of about 34% over the previous year. The value of production of the Company stood at ` 30.73 crores as against ` 25.67 crores and the Company incurred a loss of ` 1.45 crores as against loss of ` 2.28 crores in the previous year. The reasons contributed were breakdown of equipments like Induction furnace, EoT crane, Air Compressor, apart from frequent and unscheduled power cut which affected the Fettling and Proof machining of castings available with the Sub-Contractors.

VIL is planning to explore new avenues for marketing its products so that the dependency on BEML could be reduced progressively over the periods. Accordingly, various types of steel castings used in Track Shoes for T-72, ARVs, BMP, etc., relating to Defence business and Axle Box, Buffer Assembly, etc., relating to Rail business are planned for development and production by VIL. Further, VIL is exploring opportunities to manufacture and supply high manganese U-2 steel castings in order to improve the performance level of the Company.

(ii) Subsidiary Company - M/s MAMC Industries Limited (MIL):

Your Company has entered into a Consortium Agreement with M/s. Coal India Limited (CIL)

and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively.

In the meantime, a Company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated by the Company as a wholly owned 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 joint venture Company by following due process of law to proceed with the re-opening of MAMC factory at Durgapur. Tendering process is underway to engage a consultant for preparation of Detailed Project Report.

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

(iii) Joint Venture Company - M/s BEML Midwest Limited:

A JV Company, M/s BEML Midwest Limited was registered with the Registrar of Companies at Hyderabad, on 18.04.2007. BEML holds 45% share, 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 BEML Midwest Limited and take appropriate action. In the meantime, as advised by legal experts, the Company had preferred two appeals before Hon'ble High Court of Andhra Pradesh at Hyderabad on 30.07.2012 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 and pass appropriate orders without getting influenced by the impugned earlier order of CLB. Subsequently, the CLB has commenced fresh hearing on the matter.

MICRO AND SMALL ENTERPRISES:

The Micro and Small Enterprises (MSEs) continue to get support and preference from your Company wherever there is shortage of in-house capacity. The Company extends technical guidance and requisite support to these industries wherever required. The quality control personnel visit these industries to assist and ensure that the quality of the products meet the requisite standards.

During 2013-14, your Company procured goods and services to the extent of `98.58 crores which constituted 6.67% of the total procurement value of `1476.86 crores.

VIGILANCE:

During the year, the Complaint Handling Policy of the Company was reviewed and revised to mirror Central Vigilance Commission (CVC) guidelines for ensuring all complaints / grievances received in the organization by any functionary containing an element of alleged corruption, malpractices or misconduct etc., be sent to the Chief Vigilance Officer of the organisation for determining the 'vigilance angle' and taking further course of action.

Vigilance department, inter-alia, organized a programme on 'Tone from the Top' at which the management interacted with senior executives across the Company via live simultaneous two way video and audio transmission system coinciding with the observance of the Vigilance Awareness Week 2013. The theme of the programme was "Promoting Good Governance - Positive Contribution of Vigilance".

Continuing the 'VIG-KIRAN' series for the third year, the special journal 'VIG-KIRAN Ver.3' dedicated to featuring Corruption Prevention and Corruption Risk Management was released and included a CD containing a compendium of International and National measures for promoting good governance.

Considering effectiveness of ICTs (Information & Communication Technologies), additional ICT initiatives were taken up during the year. Computerised File Tracking Management System and Medical Centre Procurement and Batch Management Automation, were implemented during the year following the recommendations made by Vigilance Department.

Other initiatives/good practices include:

- e-Library: As part of e-library CVC / Ministry of Defence Circulars are being uploaded on SAP/ERP.

- e-Vigilance: Purchase/Finance Modules on SAP-ERP are being monitored on regular basis to check for red flags and findings reported.
- e-Procurement: e-mode of procurement has been made mandatory for all procurement transactions/contract value above ₹ 1 lakh, except for Imported items.

CORPORATE GOVERNANCE:

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

RAJBHASHA:

Your Company continued its efforts in implementing the Official Language Policy envisaged under the Official Language Act, 1963. Towards this direction, the following steps were undertaken during the year:

- 327 executives/employees were trained in Hindi under Hindi Teaching Scheme of Govt. of India, during the period under review.
- 5 Hindi Workshops were organized whereat 128 officials were trained.
- Hindi Fortnight was observed with great zeal from 17.10.2013 to 31.10.2013 throughout the Company. Many competitions were organized for Hindi speaking, Non-Hindi speaking employees and prizes were given.
- To encourage the employees to read Hindi books, a separate Hindi Library is functioning at Corporate Office with good number of Hindi books and periodicals.
- Website of your company is made available in

Hindi also and updated the contents periodically.

- Further, your Company has won the 'Rajbhasha Shield' for the second consecutive year by the 'Town Official Language Implementation Committee' for commendable progressive use of Hindi.

AWARDS:

- On 22.06.2013, your Company bagged 'Export Excellence Award' for the year 2012-13 for its excellent performance in exports in the special category of best exporter from Federation of Karnataka Chambers of Commerce & Industry.
- On 01.08.2013, your Company received Rajbhasha Award from Town Official Language Implementation Committee for its commendable performance in the implementation of Hindi during the year 2012-13.
- On 24.09.2013, your Company won the Export Award as a Star Performer in Large Enterprise section for the year 2011-12 from Engineering Export Promotion Council.
- On 26.10.2013, your Company won International Quality Circle Award in the NCQC competition for improvement in the manufacture of Metro Side Wall.
- On 14.11.2013, your Company's R&D innovative product BH150E Dump Truck had bagged the "Engineering Excellence Award 2013", 'Best Engineering Marvel' in the category of Self-Reliance and 'Public Choice Award'. Stainless Steel Electric Multiple Unit (SSEMU) also bagged the 'Engineering Excellence award 2013' as 'Public Choice Award'.
- On 26.11.2013, your Company received



Raksha Mantri Award for design and development of country's first SSEM for Indian Railways.

- On 22.12.2013, your Company was conferred with the Award of “Outstanding Company in Mining Equipment” instituted by EPC World Group.

MANPOWER:

The manpower strength of the Company as on 31.03.2014 stood at 10,328 as against 11,005 of the previous year.

Representation of SC/ST and Ex-Servicemen category-wise as on 01.01.2014 and recruitment made are as under :

Representation of SC/ST/Ex-Servicemen as on 01.01.2014

Category / Group	Total Strength As on		No. of SC/ST and Ex-servicemen					
			Scheduled Caste		Scheduled Tribe		Ex-Service Men	
	1.1.2013	1.1.2014	1.1.2013	1.1.2014	1.1.2013	1.1.2014	1.1.2013	1.1.2014
Group-A	1542	1504	256	257	48	51	10	10
Group-B	1348	1228	237	214	97	82	10	14
Group-C	8213	7737	1751	1649	336	328	316	318
Group-D	34	30	18	16	4	4	-	-
Total	11137	10499	2262	2136	485	465	336	342

Recruitment during 2013

Group	General	OBC	SC	ST	EX-S	TOTAL
A	4	4	2	1	-	11
B	2	3	1	-	-	6
C	6	2	-	-	-	8
D	-	-	-	-	-	-
TOTAL	12	9	3	1	-	25

HUMAN RESOURCES DEVELOPMENT & INDUSTRIAL RELATIONS:

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

23,089 man-days.

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

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY (CSRS):

Your Company has a structured multi-level committees upto the Board level to guide and monitor the successful identification and implementation of the projects in line with the MoU guidelines. The Board Committee on CSRS is headed by an Independent Director.

A few of the important projects successfully completed during the year 2013-14 are as follows :

- (i) *Rehabilitation of Differently abled Persons in Association with Other CPSEs:*

Your Company has tied-up with M/s ALIMCO for helping differently-abled persons to overcome their disability. 25 Nos. of differently-abled persons were identified at Davangere district, in the backward region of Karnataka for distribution of aids & appliances to overcome their disability and lead a better life. The aids and appliances viz., Tricycles, Wheel Chairs, Braille Cane and MR Kits required by these people were procured and the distributed in the camp held on 30.01.2014.

- (ii) *Value Education:*

Keeping in view the need to inculcate the values early in children's education, 120 value education kits issued by CBSE, New Delhi were procured and distributed to the teachers of Schools at KGF and Bengaluru.

- (iii) *Skill Development of SC/ST and BPL Youth:*

Your Company has provided one BL-9H Loader, five numbers of Tool Kits along with aggregates to the Centurion University for the skill development of Schedule Caste(SC), Schedule Tribe(ST) and Below Poverty Line(BPL) youth in a naxal

affected, Tribal and poorest district of Odisha through Centurion University and provided necessary training to the faculty to ensure proper training to the students.

(iv) *CSR Program at Anandashram, Bengaluru:*

BEML Ladies club celebrated Woman's day to bring respite to the aged and children of Anandashram, Bengaluru by sharing a meal, providing ceiling fans and others.

(v) *CSRS Seminar/Workshops/Training Sessions:*

The Company towards incorporating the philosophy of CSR at all levels in the organization has trained 160 Employees / Officers during the year.

(vi) *Formulation of Corporate Communication Strategy:*

With a view towards better implementation of CSR Activities, corporate communication strategy has been formulated and the same is implemented for getting feedbacks from the beneficiaries of the CSR Projects. The feedback from the beneficiaries is being obtained once in a quarter and /or on completion of the project. A total of four meetings were held with the beneficiaries of Mobile medical camp at KGF and also the beneficiaries of the camp at Davangere for the current year. The feedback from these beneficiaries was positive for the services provided.

In addition to the above, there are several CSRS projects that the Company has been carrying out as an on-going process as listed below:

(a) *Vocational Training:*

The Company has extended support to the Labour Welfare Funds functioning in the production units for the benefits of Employees, their dependants and local population. The LWF conducted training

programmes in Tailoring, Driving, Computer, Typing / Shorthand course, Diploma course in Laboratory Technology, Para-medical, Job Oriented Courses, Music / Dance classes, spoken English Course and 509 persons were trained during the year under these initiatives.

(b) *Medical facilities to Ex-BGML employees and their dependants :*

The Company extends out-patient medical facilities to ex-BGML employees by deputing a Doctor and 2 Para-medical staff to the areas of BGML such as Marikuppam, Champion Reef and Oorgaum and medicines prescribed by the Doctors are being dispensed free of cost for general illness. Further, 105 mobile medical camps were conducted during the year.

(c) *Medical Assistance :*

Medical facilities are extended to the villagers in Company adopted village, Dasarahosahalli near KGF.

(d) *Distribution of Artificial Limbs:*

Your Company has associated with M/s Palakkad Fort Town Lions Trust, Palakkad for the last three years and for the current year sponsored 5 Nos. of artificial limbs to beneficiaries at Palakkad.

ENVIRONMENT AND POLLUTION CONTROL:

In order to protect the environment in and around the factory premises/township, tree plantation were undertaken. Your Company planted about 20,000 saplings of various types of avenue tree/flower bearing trees in the vacant lands belonging to the Company for maintaining ecological balance in the surrounding areas.

The existing 5 MW Wind Mill generated 85.42 lakh kWh power resulting in green house gas reduction. Further, your Company is in the process of setting-up 18 MW Wind Mill power generation



to develop clean green energy and also being self sufficient on power requirements.

ENERGY CONSERVATION:

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

A. Bangalore Complex:

- (i) Introduction of 2 Nos. 5000 liters capacity solar water heating system in Workers Canteen for pre-heating of water at 60 degrees centigrade.
- (ii) Introduction of 150W metal halide high bay fitting for street lights in place of 800W HPMV lamp at various places in the unit premises.
- (iii) Installation of energy efficient induction type 120w high bay fittings in place of 400w HPMV lamp fittings at various places in the unit premises.
- (iv) Replacement of 10 Inverter welding sets (15 KVA) in place of old type conventional motor generator sets (18 KVA).
- (v) Introduction of 30 nos. of 36 watts CFL fitting for better illumination equivalent to 80 watts at admin corridor and office and at hangars.
- (vi) Switching off of roof exhaust fans / extractors during idle hours.

B. Mysore Complex:

- (vii) Introducing 100 KVA energy saver unit for road and perimeter lights.

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

PARTICULARS OF EMPLOYEES:

There were no employees of the Company who received remuneration in excess of the limits prescribed under the Companies (Particulars of Employees) Rules, 1975.

STATUTORY AUDITORS:

M/s. Padmanabhan Ramani & Ramanujam, Chartered Accountants, Chennai, were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2013-14.

The Independent Auditors' Report does not contain any qualification or adverse observations on the accounts for the year.

COST AUDITORS:

Your Company has appointed M/s Murthy & Co., LLP, Cost Accountants, Bengaluru, as Cost Auditors for the year 2013-14 with the approval of Central Government for preparing and filing necessary.

- (i) Cost Audit Report' for the Company's product groups, namely, Machinery & Mechanical Appliances, Railway Rolling Stock, Parts of Railway Rolling Stock, Commercial Vehicles and Electrical Energy (Wind Power Energy) in terms of the Companies (Cost Audit Report) Rules, 2011; and
- (ii) Compliance Report' in respect of the Company's product group, namely, Tanks, Armoured Vehicles and Parts thereof in terms of the Companies (Cost Accounting Records) Rules, 2011;

DIRECTORS:

(a) Change of Directors

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

- Shri Pradeep Swaminathan was appointed as Director (Finance) vide Ministry of Defence letter No.10(6)/2012-D (BEML) dated 24.09.2013 on superannuation of Shri M. Pitchiah. Shri Swaminathan took charge on 01.10.2013.
- Shri Aniruddh Kumar was appointed as Director (Rail & Metro Business) vide Ministry of Defence letter No.10(15)/2012-D (BEML) dated 27.03.2014 in place of Shri P. Dwarakanath, Chairman and Managing Director, who was holding additional charge. Shri Aniruddh Kumar took charge on 18.04.2014.
- Five Non-official (Independent) Directors, Dr. Rekha Bhargava, Lt. Gen. (Retd.) Noble Tamburaj, Shri Kanwal Nath, Shri Ramesh Bhat and Prof. S. Sadagopan, were retired on 08.11.2013 and filling of these vacancies is under process.

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

(b) Number of meetings of Board

During the year, 5 meetings of the Board were held on 29.05.2013, 08.08.2013, 12.09.2013, 08.11.2013 and 04.02.2014, thereby your Company complied with the requirements on number and frequency of meetings as provided

under Clause 49(I)(C)(i) of the Listing Agreement and Para 3.3.1 of the DPE Guidelines on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2014 and of the profit of the Company for the year ended on that date;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGMENTS:

Your Directors express their hearty thanks to the Company's valued customers, in particular Defence Services, M/s Coal India Limited and its Subsidiaries, M/s. Singareni Collieries Company Limited, Railway Board, M/s Steel Authority of India Limited, M/s Delhi Metro Rail Corporation, M/s Bangalore Metro Rail Corporation and M/s Jaipur Metro Rail Corporation for their patronage and confidence in the Company. The Directors also 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 gratefully acknowledge the valuable support and assistance received from various Ministries of Government, in particular Ministry of Defence, Ministry of Coal, Ministry of Mines, Ministry of Steel, Ministry of Railways and the Ministry of External Affairs. The Directors

are also grateful to the Government of Karnataka and Kerala for the support and co-operation extended to the Company.

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

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

P. Dwarakanath
Chairman & Managing Director

Bengaluru
28.05.2014

ANNEXURE

FORM - A

Form for disclosure of particulars with respect to Conservation of Energy

	<i>Current year</i> 2013-14	<i>Previous year</i> 2012-13
(A) POWER AND FUEL CONSUMPTION		
1) ELECTRICITY		
a) Purchased :		
Units (kwh)	37569945	34918084
Total Amount	246983830	230538143
Cost / Unit (`)	6.57	6.60
b) Own Generation :		
i) Through Diesel Generator		
Units (Kwh)	714009	1443051
Units per ltr. of Diesel oil (Kwh)	0.03	0.03
Cost/Unit (`)	18.70	14.54
ii) Through Steam Turbine/Generator		
Units (Kwh)	-	-
Units per ltr. of fuel oil / gas (Kwh)	-	-
Cost/Unit (`)	-	-

	<i>Current year</i> 2013-14	<i>Previous year</i> 2012-13
2) COAL (Specify Quality & where used)		
Quantity (Tonnes)	-	-
Total Cost (`)	-	-
Average Rate (`)	-	-
3) FURNACE OIL (Diesel for Boiler)		
Quantity (Kilo Litres)	37216	42218
Total amount (`)	2490181	2110900
Average Rate (`)	66.91	50.00
4) OTHERS / INTERNAL GENERATION		
Quantity (Diesel in ltrs.)	124491	132000
Total Cost (`)	8589879	6739920
Average Rate (`)	69.00	51.06
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Products (with details) unit	995	948
Electricity	21602	21193
Furnace Oil	-	-
Coal (specify quality)	-	-
Diesel in litres	367	375
Others (specify)	-	-

Form B

Disclosure particulars with respect to absorption of technology:

RESEARCH & DEVELOPMENT (R&D):

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

R&D of the Company has designed and developed number of high technology products and aggregates for Mining & Construction, Defence and Rail & Metro segments as per customer requirements and the same have been manufactured and launched for customer trials.

Depending on the sectoral needs for the year 2013-14, R&D has launched the following products / projects:

Mining & Construction:

- BD50-1 Bulldozer - upgraded version of BD50 with hydro shift transmission, Wet type steering clutches and straight tilt Dozer.
- BD155-1 Bulldozer - with Electronic Engine, Electronic Transmission, Hexagonal ROPS-FOPS integrated Cabin and contemporary aesthetics.



- BD155 / BD355 class Bulldozers - CAN based single 7" LCD display instrumentation.
- 100 ton Dump truck - Modular Rear drive Axle with integral parking brake, ABS (Anti-skid Brake System) and ASR (Anti Spin Regulator).
- BH100A Dump Truck - with 1200HP engine, Electronic Transmission, Wet multiple disc brakes, ABS, ASR & Centralized LCD display.
- BG605I Motor Grader - Upgraded version of BG605 Motor Grader with BS III emission compliant, BEML make electronic engine, power shift transmission and contemporary aesthetics.
- BD155-2 Dozer - 140 series Electronic engine (EG / CRDI)
- BL9H Back-Hoe loader & BG605I Motor Grader - BS-III Compliant BEML make 105 & 125 series engines.

Defence:

- HMV 8x8 GS 8x8, Euro III with Material Handling Crane
- Indigenisation of BEML TATRA Backbone Tubes & Differentials
- HMV 6x6 with Flatbed for Super High Altitude Application

Rail & Metro:

Design and development of 8W Overhead Equipment Maintenance Vehicle (OMV) for Hyderabad and Chennai Metro.

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

Major R&D initiatives have enlarged the product

range and also provide cutting edge technology features for the existing products that enables Company to retain the existing customers, increase the market share and explore emerging markets.

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

HMV 8x8 GS 8x8, Euro III with Material Handling Crane:

The BEML HMV8x8 Vehicle is designed with material Handling crane to lift ammunition Pellets/heavy loads weighing up to 700 Kgs at a reach of 9 meters. The Vehicle has successfully undergone MoD trials at Deserts, High Altitudes, Technical Trials at VRDE & Maintenance Evaluation Trials at MAG 14 & MAG 13.

Indigenisation of TATRA Backbone Tubes & Differentials:

The Backbone Tube is a structural member in the TATRA design which houses the Moment Divider, Inter-Axle Differentials and Axle Differentials thereby protecting them against dust, moisture and also providing torsional rigidity to vehicle. Backbone tube along with differentials was indigenised and the indigenised aggregates underwent 3000kms of endurance trials successfully & are productionized.

HMV 6x6 Flatbed-for Super High Altitude Application:

HMV 6x6, Euro III vehicle has been developed for Super High altitude application & has undergone trials successfully at altitudes of 19000 Feet & -20°C.

Design and Development of 8W Over Head Equipment Maintenance Vehicle (OMV) for

Hyderabad & Chennai Metro:

The OMV is a self propelled, 8 wheeled Bogie Vehicle built for standard gauge metro track. It is used for periodical Inspection and maintenance of overhead traction lines. The OMV car consists of a shell, power line, two driving cabs, lifting and swiveling platform along with DG sets, two cable drum brackets, workshop, observation dome, material cabin, staff cabin etc.

3. FUTURE PLAN OF ACTION:

Keeping in view of emerging trends in technology and also in line with the unfolding business scenario, R&D has in place, plan of action to take up a number of projects with enhanced allocation of resources. To achieve this, R&D infrastructure and resources are being continuously strengthened / upgraded, to handle and cope with the latest technologies effectively.

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

4. EXPENDITURE ON R&D FOR 2013-14:

Company has spent ₹86.23 crores on R&D during 2013-14 which is about 2.64% of the turnover (Revenue including consortium supplies) as shown below:

(₹ in Lakhs)	
Capital	0.96
Revenue	8622.39
Total	8623.35
Turnover	326219.77
As % of Turnover	2.64

The aforesaid expenditure on R&D project was over and above the MoU commitment of ₹63.84 crores.

5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

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

Future Plan of Action:

Establishing the necessary infrastructure for indigenization of components for Metro cars and some of the Defence products. Scanning and identification of technology / partners for mining and construction products including higher capacity Dump Trucks, Loaders and Under Ground Mining Equipment apart from up-gradation of existing products with state of the art features in line with major global competitors.



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

Senior Management initiates the corporate governance standards and ensures that it is percolated throughout the organization. Your Company firmly believes in the importance of ethics among the employees and strives for developing a work culture that fosters accountability, fairness, integrity and transparency in its dealings, while keeping the fundamental principle of enhancing the trust and value of all stakeholders.

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

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

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

As at 31.03.2014, the Board consisted of 5

Functional Directors including the Chairman & Managing Director, 2 Part-time Government Directors and 3 Non-official (Independent) Directors. The Chairman & Managing Director was holding the additional charge of the post of Director (Rail & Metro Business) with effect from 01.11.2012. Further, 5 Non-official (Independent) Directors retired on 08.11.2013 and appointment of new directors is under progress. Non-official (Independent) Directors are appointed by the Central Government for a tenure not exceeding a period of three years.

(ii) Meetings and Attendance:

During the year, 5 meetings of the Board were held on 29.05.2013, 08.08.2013, 12.09.2013, 08.11.2013 and 04.02.2014. In terms of Clause 49(I)(C)(i) of the Listing Agreement and Para 3.3.1 of the DPE Guidelines on Corporate Governance, requirements on number and frequency of meetings were complied with in full.

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

Sl. No.	Name of the Director (Director Identification No.)	Attendance at Board meetings / total meetings after appointment as Director	Whether attended last AGM (Yes/No)	No. of other directorships held	* Number of Committee memberships across all Companies
Functional Directors:					
1	Chairman & Managing Director Shri P Dwarakanath (DIN 02107805)	5/5	Yes	--	--
2	Director (Mining & Construction Business) Shri C N Durgesh (DIN 03487810)	5/5	Yes	1	1

Sl. No.	Name of the Director (Director Identification No.)	Attendance at Board meetings / total meetings after appointment as Director	Whether attended last AGM (Yes/No)	No. of other directorships held	* Number of Committee memberships across all Companies
3	Director (Defence Business) Shri P R Naik (DIN 03579729)	5/5	Yes	--	--
4	Director (HR) Shri Deepak Kumar Hota ¹ (DIN 06600812)	4/4	Yes	--	1
5	Director (Finance) Shri Pradeep Swaminathan ² (DIN 06565229)	2/2	No	1	1
6	Director (HR) Dr. M Nellaiappan ³ (DIN 00154503)	1/1	No	--	1
7	Director (Finance) Shri M Pitchiah ⁴ (DIN 01178891)	3/3	Yes	1	1
<i>Part-time Government Directors:</i>					
8	Shri P K Mishra (DIN 02889348)	3/5	No	2	--
9	Shri Rajnish K umar (DIN 06368293)	2/5	No	--	1
<i>Non-official (Independent) Directors:</i>					
10	Shri C Balakrishnan (DIN 00040416)	5/5	Yes	3	1
11	Shri Suhas Anand Bhat (DIN 01627074)	1/5	No	2	1
12	Shri N P Gupta (DIN 02548988)	5/5	Yes	2	2
13	Dr. (Smt) Rekha Bhargava ⁵ (DIN 03334237)	4/4	No	--	1
14	Lt. Gen. (Retd.) Noble Thamburaj ⁵ (DIN 03164029)	4/4	No	--	2
15	Shri Kanwal Nath ⁵ (DIN 02520307)	4/4	Yes	--	1
16	Shri Ramesh Bhat ⁵ (DIN 01958539)	3/4	Yes	4	--
17	Prof. S Sadagopan ⁵ (DIN 00118285)	4/4	Yes	5	1

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

1. Appointed w.e.f. 01.07.2013

2. Appointed w.e.f. 01.10.2013

3. Superannuated on 28.06.2013

4. Superannuated on 30.09.2013

5. Ceased on the completion of tenure on 08.11.2013



(iii) Directors retiring by rotation

In terms of the provisions of the Companies Act and Clause 49(IV)(G) of the Listing Agreement, the Directors, Shri P R Naik, Shri Rajnish Kumar, and Shri C N Durgesh will be retiring by rotation and being eligible, offer themselves for re-appointment at the ensuing AGM. Brief resume of them are attached to the notice of the AGM. The Board recommends the re-appointment of the said retiring directors.

(iv) Directors' Shareholding

None of the Directors is holding equity shares or debt securities in your Company as on 31.03.2014.

(v) Code of Conduct

Board of Directors of your Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company as per Clause 49(I)(D) of the Listing Agreement and Para 3.4 of the DPE Guidelines on Corporate Governance. The Code of Conduct has been posted on the Company's website www.bemlindia.com, as decided by the Board at its 254th meeting held on 05.07.2005. Senior management personnel, i.e., Directors, Executive Directors and Chief General Managers have affirmed compliance with the Code of Conduct during the year 2013-14. A declaration to this effect signed by the Chairman and Managing Director is produced hereunder:

To the Members of BEML Limited,

I, P. Dwarkanath, Chairman & Managing Director of the Company, hereby declare that the Board of Directors and Senior Management personnel have affirmed their compliance with the Code of Conduct for the financial year ended March 31, 2014.

*On behalf of the Board of Directors
Sd/-*

*Bengaluru
28.05.2014*

*P. Dwarkanath
Chairman & Managing Director*

(vi) Prevention of Insider Trading

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

(vii) CEO / CFO Certification

In terms of Clause 49(V) of the Listing Agreement, CEO / CFO Certification was given by the Chairman & Managing Director and Director (Finance) on the financial statements for the year 2013-14. The said certification was reviewed and recommended by the Audit Committee in terms of Para 4.5(vi) of the DPE

Guidelines on Corporate Governance and taken on record by the Board at its 315th meeting held on 28.05.2014, is produced hereunder:

CEO & CFO CERTIFICATION

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

- a. *We have reviewed the financial statements and the cash flow statement for the year 2013-14 and that to the best of our knowledge and belief:*
 - i. *these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;*
 - ii. *these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.*
- b. *There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.*
- c. *We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.*
- d. *We have indicated to the Auditors and the Audit committee that :*
 - i. *no significant changes in internal control over financial reporting during the year;*
 - ii. *no significant changes in accounting policies during the year; and*

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

for BEML Limited

Bengaluru
28.05.2014

Sd/-
Pradeep Swaminathan
D(F)/CFO

Sd/-
P. Dwarakanath
CMD/CEO

(viii) Review of Compliance of Laws

In terms of Clause 49(I)(C)(iii) of the Listing Agreement and Para 3.3.3 of the DPE Guidelines on Corporate Governance, the Board reviewed the compliance reports relating to various laws applicable to the Company for the year 2013-14 and noted that there was no instance of non-compliance.



3. BOARD COMMITTEES

(i) Audit Committee:

The Audit Committee complies with the terms of reference as enumerated under the applicable provisions of the Companies Act, Listing Agreement, DPE Guidelines on Corporate Governance as amended from time to time and also complies with the directives of the Board of Directors, Department of Defence Production, Central Vigilance Commission, etc.

The Audit Committee met eight times on 28.05.2013, 25.07.2013, 08.08.2013, 12.09.2013, 07.11.2013, 21.01.2014, 03.02.2014 and 21.03.2014. In terms of Clause 49(II)(B) of the Listing Agreement and Para 4.4 of the DPE Guidelines on Corporate Governance, the requirements on number and frequency of meetings were complied with in full.

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

S.No.	Name of the Director	Category	Attendance
<i>Chairman:</i>			
1	Shri C Balakrishnan ¹	Non-official (Independent) Director	5/5
2	Shri Kanwal Nath ²	Non-official (Independent) Director	5/5
<i>Members:</i>			
3	Shri Rajnish Kumar	Part-time Government Director	2/8
4	Shri N P Gupta ¹	Non-official (Independent) Director	5/5
5	Shri Suhas Anand Bhat ³	Non-official (Independent) Director	1/2
6	Shri C N Durgesh	Director (Mining & Construction)	8/8
7	Dr.(Smt.) Rekha Bhargava ²	Non-official (Independent) Director	5/5
8	Lt. Gen. (Retd.) Noble Thamburaj ²	Non-official (Independent) Director	4/5
9	Prof S Sadagopan ²	Non-official (Independent) Director	5/5

1. Appointed w.e.f. 08.08.2013

2. Ceased to be Members w.e.f. 09.11.2013

3. Appointed w.e.f. 14.01.2014

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 49th AGM.

(ii) Remuneration Committee:

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

S.No.	Name of the Director	Category
Chairman:		
1	Shri N P Gupta	Non-official (Independent) Director
2	Smt. Rekha Bhargava*	Non-official (Independent) Director
Members:		
3	Shri Deepak Kumar Hota*	Director (HR)
4	Shri Pradeep Swaminathan*	Director (Finance)
5	Shri Kanwal Nath*	Non-official (Independent) Director
6	Prof Sadagopan*	Non-official (Independent) Director
7	Shri M Pitchiah*	Director (Finance)
8	Dr. M Nellaiappan*	Director (HR)

* Part of the year

As per the terms of reference the Remuneration Committee will decide, inter-alia, the annual bonus / variable pay pool and policy for its distribution across the executives and non-unionized supervisors of the Company.

(iii) Shareholders / Investors Grievance Committee:

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

The Committee consists of following directors:

S.No.	Name of the Director	Category
Chairman :		
1	Shri N P Gupta	Non-official (Independent) Director
2	Lt. Gen (Retd.) Noble Thamburaj*	Non-official (Independent) Director
Members :		
3	Shri Deepak Kumar Hota*	Functional Director
4	Shri Pradeep Swaminathan*	Functional Director
5	Dr. M Nellaiappan *	Functional Director
6	Shri M Pitchiah*	Functional Director

* Part of the year

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

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

No. of complaints received during the year: 25

No. of complaints resolved during the year: 25

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

**(iv) Share Transfer Committee:**

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

S.No.	Name of the Director	Category
Chairman :		
1	Shri C N Durgesh	Functional Director
2	Dr. M Nellaiappan*	Functional Director
Members :		
3	Shri Deepak Kumar Hota*	Functional Director
4	Shri Pradeep Swaminathan*	Functional Director
5	Shri M Pitchiah*	Functional Director

* Part of the year

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

Keeping in view the requirements to complete the transfer of share within 15 days, the Board at its 312th meeting held on 08.11.2013, authorised M/s Karvy Computershare Pvt. Ltd., the Share Transfer Agent of the Company, to consider and approve all the applications relating to physical shares for transfer, transmission, de-mat, re-mat, etc., excepting issue of duplicate share certificates, which would be directly dealt by the Board. Accordingly, STC was dissolved with effect from 08.11.2013.

(v) Corporate Social Responsibility & Sustainability Committee:

In terms of DPE Guidelines on MoU and Section 135 of the Companies Act, 2013, the Corporate Social Responsibility & Sustainability Committee (CSRS) has been constituted to examine the proposals for the approval of CSRS plan and review the implementation / execution of the plan and steering the CSRS agenda of the Company.

The Committee consists of following directors:

S.No.	Name of the Director	Category
Chairman :		
1	Shri N P Gupta	Non-official (Independent) Director
2	Shri Kanwal Nath*	Non-official (Independent) Director
Members :		
3	Shri C N Durgesh	Director (Mining & Construction)
4	Shri Deepak Kumar Hota*	Director (HR)
5	Dr. M Nellaiappan *	Functional Director

* Part of the year

(vi) Other Board Sub-Committees:

- (a) Procurement Committee comprising one Independent Director, Director (HR), Director (Finance) and respective Business Group Director for considering and approving the procurements / award of contracts on open / limited tender for value exceeding ` 5 Crs and on single tender basis for value exceeding ` 50 lakhs.
- (b) Indigenization of Defence Products Committee comprising one Independent Director, Director (Defence) and Director (Finance) for expediting the process of indigenization, establish vendors for critical items and ensure that the products are ready for commercial offering after due inspection by CQA/ Inspecting authorities.

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.

(i) Details of Remuneration paid to Functional Directors during the year 2013-14:

<i>Name of the Director</i>	<i>Salary</i>	<i>Benefits</i>	<i>PF Contribution</i>	<i>Perquisites</i>	<i>Total amount</i>
Shri P Dwarakanath <i>Chairman & Managing Director</i>	2047855	784828	245743	374897	3453323
Shri C N Durgesh <i>Director (Mining & Construction Business)</i>	1861110	346007	223332	162317	2592766
Shri P R Naik <i>Director (Defence Business)</i>	1833729	892511	220047	48567	2994854
Shri Deepak Kumar Hota* <i>Director (HR)</i>	1406553	551933	168786	72592	2199864
Shri Pradeep Swaminathan* <i>Director (Finance)</i>	896763	357301	107613	315334	1677011
Shri M Pitchiah* <i>Director (Finance)</i>	962225	139753	115467	456155	1673600
Dr. M Nellaiappan* <i>Director (HR)</i>	1007337	286944	121136	407747	1823164

* Part of the year

(ii) Part-time / Non-executive Directors' compensation:

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

Non-official (Independent) Directors are paid sitting fee of ` 20,000 per meeting of the



Board/Committee of the Board attended and if they, attend more than one meeting (Board/Committee) on the same day, the sitting fee payable for each of such additional meeting is ` 10,000. Details of sitting fees paid to the Non-official (Independent) Directors during the year 2013-14 are given below:

Name of the Director	Sitting fee for the meeting(s) of		Total
	Board	Committees	
Shri C Balakrishnan	1,00,000	2,20,000	3,20,000
Shri Suhas Anand Bhat	20,000	20,000	40,000
Shri N P Gupta	1,00,000	2,50,000	3,50,000
Dr. (Smt) Rekha Bhargava	80,000	1,30,000	2,10,000
Lt. Gen. (Retd.) Noble Thamburaj	80,000	2,10,000	2,90,000
Shri Kanwal Nath	80,000	1,50,000	2,30,000
Prof. Ramesh Bhat	60,000	--	60,000
Prof. S Sadagopan	80,000	2,90,000	3,70,000
Total	6,00,000	12,70,000	18,70,000

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

5. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as follows:

Year	Place	Date & Time
2012-13	API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru-560052	13.09.2013 at 10.00 hrs
2011-12	API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru-560052	14.09.2012 at 10.30 hrs
2010-11	The Grand Ball Room, The Chancery Pavilion, Residency Road, Bengaluru-560025	29.08.2011 at 10.30 hrs

During the year 2012-13, a special resolution was passed at the 49th Annual General Meeting held on 13.09.2013 for altering the Articles of Association by way of inserting Article No. '7(a) - Buy-back of Shares' in compliance with the directive of DPE. No special resolution was put through postal ballot during the year under review.

6. SUBSIDIARY COMPANIES

In terms of Clause 49(III) of the Listing Agreement and Chapter 6 of the DPE Guidelines on Corporate Governance, none of the subsidiary companies of BEML would come under the

category of a 'Material Non-listed Subsidiary Company'.

However, the Audit Committee reviews the financial statements of the subsidiaries of the Company periodically. Further, the minutes of the meetings of Board of subsidiary companies are periodically placed before the Board of the Company along with significant transactions and arrangements entered into by the subsidiaries.

7. DISCLOSURES

In terms of Clause 49(IV) of the Listing

Agreement and also Chapter 7 of the DPE Guidelines on Corporate Governance, the following disclosures are made:

- a) During the year, no materially significant related party transactions have been entered into by the Company with the directors or management or their relatives that may have a potential conflict with the interest of the Company. Details of related party transactions as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India is given in Note No.31(C) of the Notes forming part of Accounts. All the transactions covered under related party transactions were fair, transparent and at arms length basis.
- b) The Company has prepared stand-alone and consolidated financial statements based on the applicable Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.
- c) **Risk Management** - The Board at its 308th meeting held on 08.02.2013 approved a comprehensive Risk Policy and Procedure for the Company's Risk Management mechanisms to mitigate the risks associated with the operations of the Company. The said policy is implemented vide General Bulletin No.1272, dt. 20.03.2013.
- d) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.
- e) The Company has complied with all the mandatory requirements under Clause 49 of the Listing Agreement excepting the provisions relating to composition of Board in respect of Non-official (Independent) Directors, whose appointment is under the consideration by the Central Government.
- f) 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.

8. MEANS OF COMMUNICATION

- a) The Quarterly, Half-yearly and Annual financial results of the Company are sent to the Stock Exchanges by e-mail immediately after the same are taken on record by Board.
- b) Financial results of the Company are normally published in a leading National Daily and a Kannada daily in Bengaluru and are simultaneously posted on the Company's website www.bemlindia.com.
- c) BEML NEWS - a House Journal brought out periodically is sent to the Stock Exchanges.
- d) Corporate announcements and press releases are promptly notified to the Stock Exchanges.
- e) **Company's Website:**
The website of the Company, www.bemlindia.com gives comprehensive information including the management, vision, mission, policies, corporate governance, sustainability, investor relations, sales network, updates



and news. The section on 'Financials' informs the shareholders/investors, by giving complete financial results, shareholding pattern and the contact details of Share Transfer Agent.

9. GENERAL SHAREHOLDER INFORMATION

- (i) The 50th Annual General Meeting for the year 2013-14 is scheduled on Thursday, the 18th September, 2014, at 15.15 hours at API Bhavana, #16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore -560052.
- (ii) Our tentative calendar for declaration of results for the financial year 2014-15 is given as below:

For the quarter ending 30.06.2014	On or before 14.08.2014
For the quarter ending 30.09.2014	On or before 14.11.2014
For the quarter ending 31.12.2014	On or before 14.02.2015
For the year ending 31.03.2015	On or before 30.05.2015
51 st Annual General Meeting	On or before 30.09.2015

- (iii) The Register of Members and Share Transfer Books shall remain closed from 22.08.2014 to 18.09.2014 (both days inclusive).
- (iv) Your Board of Directors has recommended dividend of ` 1.00 per share, i.e., 10% on the equity shares of ` 10 each (face value) for the year ended 31.03.2014. Dividend, if approved at the 50th annual general meeting, will be distributed among the shareholders within the due date.
- (v) Company's equity shares are listed on the following stock exchanges :

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

Listing fee up to the year 2014-15 has been paid to BSE and NSE.

- (vi) Stock Code:

Bombay Stock Exchange	500048
National Stock Exchange	BEML

- (vii) Custodial Fees to Depositories:

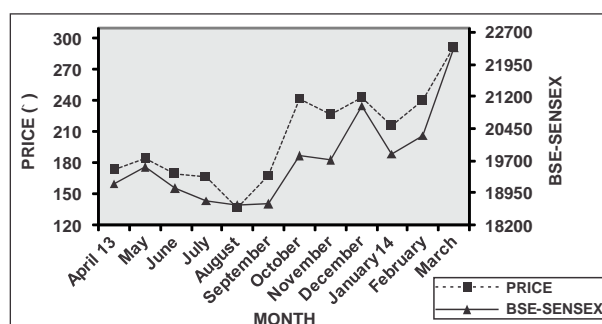
Your Company has paid custodial fees for the year 2014-15 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

- (viii) Market Price Data:

The details of high / low market prices of the shares of the Company during each month on BSE and NSE are as under:

Month	BSE (` Per Share)		NSE (` Per Share)	
	High	Low	High	Low
April 2013	180	148	180	147
May	194	159	194	159
June	178	149	178	148
July	181	141	181	140
August	157	126	157	106
September	160	140	160	139
October	194	141	195	140
November	205	173	205	173
December	249	183	249	182
January 2014	243	183	243	186
February	212	180	212	180
March	304	207	305	206

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



(x) Registrar and Transfer Agent:

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

M/s Karvy Computershare Pvt. Limited
P.No.17-24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Tel : 040-44655180
E-mail: nageswara.raop@karvy.com
einward.ris@karvy.com
Website : www.karvy.com

(xi) Share Transfer System:

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

(xii) Distribution of shareholding as on 31.03.2014:

Range of equity shares held	No. of shareholders	% to total holders	No. of shares	% to total equity
1 - 100	56,643	87.58	16,92,619	4.06
101-200	3,699	5.72	5,96,853	1.43
201-500	2,705	4.18	9,43,270	2.27
501-1000	885	1.37	6,99,639	1.68
1001-5000	571	0.88	12,02,698	2.89
5001-10000	75	0.12	5,62,238	1.35
10001 and above	98	0.15	3,59,47,183	86.32
TOTAL	64,676	100.00	4,16,44,500	100.00

(xiii) Shareholding pattern as on 31.03.2014:

Category	No. of Shares	% to equity
Promoters		
The President of India	2,25,00,000	54.03
Institutional Investors		
Mutual Funds	51,03,511	12.25
Banks / Financial Institutions / Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	57,96,360	13.92
FII's	6,08,562	1.46
Others		
Private Corporate Bodies	18,88,561	4.54
Indian Public - Individual	49,46,728	11.88
NRI's / OCBs	4,45,961	1.07
Others – HUF, Trusts & Clearing Members	3,54,817	0.85
TOTAL	4,16,44,500	100.00

(xiv) Top 10 Shareholders as on 31.03.2014:

S.No.	Category	No. of Shares	% to equity
1	President of India	2,25,00,000	54.03
2	Life Insurance Corporation of India	27,77,566	6.67
3	Reliance Capital Trustee Company Limited	16,06,653	3.86
4	Reliance Capital Trustee Company Limited	13,61,346	3.27
5	LIC of India Money Plus Growth Fund	8,71,788	2.09
6	HDFC Trustee Company Limited	5,59,709	1.34
7	LIC of India Profit Plus Growth Fund	5,55,554	1.33
8	HDFC Standard Life Insurance Company Limited	4,66,516	1.12
9	General Insurance Corporation of India	4,22,612	1.01
10	National Insurance Company Limited	3,70,000	0.89
	Total contributing to	3,14,91,144	76.00

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

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



Particulars	No. of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 01.04.2013	18	255
Number of shareholders who approached the Company for transfer of shares from the unclaimed suspense account during the year	--	--
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	--	--
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31.03.2014	18	255

(xvi) Dematerialization of shares and liquidity:

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31.03.2014, 99.50% of the equity shares of the Company are in electronic form. The Company's shares are being traded under International Securities Identification Number (ISIN) - INE258A01016.

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

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

(xviii) Listing of Debt Securities :

3000 Secured Redeemable Non-convertible Debentures of face value of ` 10 lakh each aggregating to ` 300 crores as allotted by the Board on 18.05.2012 on private placement basis to M/s Axis Bank Ltd are listed on

BSE Debt Segment with effect from 02.07.2012.

(xix) Plant Locations:

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

(xx) Address for correspondence with the Company:

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

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

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

(xxii) Green Initiative:

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

In accordance with MCA Circular No.17 / 2011 dated 21.04.2011, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA/ DP. This would enable the Company to send notices and documents to the shareholders

through email. There are about 35,114 shareholders consented to receive the notice, annual reports, etc., in e-mode.

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

(xxiii) Unclaimed Dividends:

Under the provisions of the Companies Act, 1956, any amount that remains unclaimed in the Unpaid Dividend Account of the Company for a period of 7 years from the date of transfer to the said account, has to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Accordingly, all the unclaimed dividend amounts declared prior to 31.03.2007 were transferred to IEPF.

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

Dividend	Date of Declaration	For the year	Unclaimed as on 31.03.2014 (` in lakhs)	Due for transfer on
2 nd Interim	25.06.2007	2006-07	6.87	30.07.2014
Interim	18.02.2008	2007-08	5.26	25.03.2015
Final	30.09.2008	2007-08	5.87	04.11.2015
Final	25.09.2009	2008-09	11.85	30.10.2016
Final	13.08.2010	2009-10	8.56	17.09.2017
Final	29.08.2011	2010-11	7.22	04.10.2018
Final	14.09.2012	2011-12	4.74	19.10.2019
Final	13.09.2013	2012-13	2.54	18.10.2020
Total			52.91	

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

10. COMPLIANCE

- (i) Your Company submits quarterly corporate governance compliance reports as per

prescribed format to the Ministry of Defence (MoD) and Stock Exchanges within 15 days from the close of quarter.

- (ii) Further, your Company submits a grading report on the compliance with the Corporate Governance with MoD on quarterly and annual basis and with Department of Public Enterprises on annual basis. As per the grading report, your Company was rated as 'Excellent' with a composite score of 91 marks (95.78%) for the year 2013-14.

11. NON-MANDATORY REQUIREMENTS:

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

- (i) **Remuneration Committee:** Please refer Para 3(ii) of this report.
- (ii) **Training of new Board Members:** The new Board members are provided with the necessary documents, brochures and reports to enable them to familiarize with the Company's business model, procedures and practices. Further, as per the DPE Guidelines on Corporate Governance, a policy for training of new Board members has been formulated. Accordingly, the Board members are nominated for various outside training programmes from time to time.
- (iii) **Whistle Blower Mechanism:** "Drop Boxes" have been kept at various places in the Company, wherein employees and others could report to the Vigilance Branch, concerns, if any, about unethical behavior, actual or suspected fraud, etc., and the complaints so lodged are reviewed by Vigilance Department and necessary action as deemed fit is taken, while protecting the identity of the complainants periodically.



MANAGEMENT DISCUSSION & ANALYSIS REPORT

(i) Industry structure and developments:

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

Organization

The three major Business verticals viz. Mining & Construction, Defence and Rail & Metro are headed each by a Business Group Director. The Trading Division deals in non-Company products. The International Division exports products manufactured by all the three verticals. Strategic Business Units (SBUs) and Product Heads are also set up under each of the above businesses to increase organizational effectiveness. The Company's manpower strength stands at 10,328 as of end March 2014.

Production Units

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

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

KGF Complex: Earth Moving Division, Hydraulics and Power line Division, Rail Unit-II and Heavy Fabrication Unit located in KGF produce a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders, Dozers, Pipe Layers, Tyre Handlers, Hydraulic Cranes, Walking Dragline, Electric

Rope Shovels, Engineering Mine Ploughs, Armoured Recovery Vehicles, Transmissions, Axles, Hydraulic aggregates and allied assemblies for all the manufacturing units of BEML. Rail Unit - II manufactures Rail Coaches and supports Bangalore Complex by supplying components / aggregates for Rail Coaches and wagons.

Mysore Complex: The Truck Division at Mysore manufactures off-highway Rear Dump Trucks, Motor Graders and Water Sprinklers. The Engine Division manufactures a wide range of Diesel Engines powering BEML's product range. The Aerospace Manufacturing Division produces Ground Handling Equipment, Weapon Loaders and Tooling & Components for Aerospace applications. BEML's Engine Division and Aerospace Manufacturing Division have been accredited AS9100C certification. The Dredging Equipment Manufacturing Division caters to the requirements of Dredging equipment.

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

Subsidiary Units: (a) Vignyan Industries Limited (VIL), Tarikere, was taken over by BEML in 1984 as a subsidiary unit. VIL supplies quality steel and alloy castings to various manufacturing units of BEML. (b) M/s. MAMC Industries Limited (MIL) was formed and incorporated by the Company as a wholly owned Company for the intended purpose of JV formation with M/s. Coal India Limited and M/s. Damodar Valley Corporation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a joint venture Company by following due process of law to proceed with the re-opening of MAMC factory at Durgapur.

Marketing: BEML's products are sold and

serviced through its large marketing network comprising 12 Regional Offices, 18 District Offices, Activity Centres, Service Centres.

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

Developments & Performance during 2013-14:

As per the advance estimates of Central Statistical Organization, the Indian economy has posted 4.9% growth in GDP in 2013-14. However, the Manufacturing, Mining & Quarrying and Construction have witnessed very low / negative growth as per the advance estimates. Production of coal grew by 0.8% in 2013-14, at a much slower pace than 2012-13. According to business forecasting agencies, the Indian Construction Equipment Industry witnessed its second consecutive year of volume de-growth during 2013-14 and is estimated at around 15-17%, close on the heels of 8-10% de-growth witnessed during 2012-13 (ICRA report). The global economic slowdown continued during 2013-14 and similar de-growth as in construction equipment has taken place in mining equipment sector also. Major mining companies postponed their investment, which impacted the Mining & Construction segment business.

BEML registered gross sales of ₹3262.20 Cr (including value of consortium supplies) during 2013-14. On the net sales front, your company could achieve a growth of 3.65% over previous year. In Mining & Construction sector despite a de-growth in domestic and global market, as indicated above, BEML could achieve ₹1446.08 Cr net sales during 2013-14, a 4.5% increase over previous year. The Rail & Metro vertical achieved net sales of ₹1314.19 Cr, an increase of 25% over the previous year. The Defence business achieved a net sales ₹143.41 Cr which is lower compared to previous year net sales of ₹344.48 Cr. The Company made a Profit Before Tax of ₹9.08 Cr as against ₹122.33 Cr loss during 2012-13.

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

Mining & Construction

- BEML Limited has bagged “Silver Shield for Star Performer - Large Enterprise (Machinery for Mining, Quarrying and Construction & Parts thereof)” awarded by EEPC.
- BEML's R&D product BH150E Dump Truck has bagged the “Engineering Excellence Award 2013” for “Best Engineering Marvel for Self Reliance and Public Choice Award”.
- BEML Limited has been conferred with the Award of “Outstanding Company in Mining Equipment”. The Award has been instituted by EPC World Group.

Defence

- BEML could procure order for manufacturing aggregates for Akash Missile from BDL. BEML could also bag an order for design and manufacturing of 2 nos. of ARR from CVRDE.

Rail & Metro

- BEML Limited has bagged a new order for manufacture and supply of 92 Standard Gauge Metro Cars for the prestigious Phase III, RS-9 Project of Delhi Metro Rail Corporation Limited (DMRCL).
- The first trial run of Jaipur Metro Rail Car, manufactured and supplied by BEML was flagged off by Hon'ble Chief Minister of Rajasthan.
- BEML Limited has been conferred with Raksha Mantri Award in recognition of the excellent effort, 'Design Effort' for design and development of country's first Stainless Steel Electric Multiple Unit (SSEMU) for Indian Railways for suburban commuting.
- BEML's R&D product SS EMU has bagged the “Engineering Excellence Award 2013” as Public Choice Award.



- The BEML Metro quality control team won a 'Distinction Award' for 'Process Development of Metro Side Walls' at Taipei, Taiwan during October 2013.

General

- BEML Limited has bagged Rajbhasha Shield in Big PSU category from Town Official Language Implementation Committee (PSU), Bangalore for its commendable performance in implementation of Hindi during the year 2012-13.

Products developed during the year 2013-14:

Mining & Construction:

- Designed, developed and supplied Motor Grader BG 605I.
- Designed, developed and supplied Hydraulic Excavator BE 220G.
- Designed, developed and rolled out 100 Ton Dumper with Electric transmission, MTU engine and rear axle with ABS, ASR and integral parking brake.
- Designed, developed and rolled out BD 155 Dozer with electronic engine, Electronic Transmission, joystick controls, Integral Hexagonal ROPS / FOPS cabin and improved aesthetics.

(ii) Strength and Weakness:

(a) Strength

- Established manufacturing infrastructure, knowledge base, dedicated and skilled manpower.
- All manufacturing units accredited with ISO 9001-2000 certification.
- Established R&D base with technology absorption and design capability.
- Technology self-reliance for existing product range as well as for production / processes.
- First Indian Company which has acquired state-of-the-art Metro Car manufacturing capability in the country.
- Wide range of products to cater to customer

needs.

- Well spread out Marketing network of Sales, Service and Spare parts distribution.
- Spare parts Depots and Service Centers located close to the mines.
- Established presence and brand image.
- Works on outsourcing model with strong and vibrant vendor base.
- Good industrial relations - enjoys conducive atmosphere for working.

(b) Weakness

- High wage cost - Flat sales leading to higher overheads.
- Technology levels of certain products do not measure up to international levels and trends.
- No assured business from Defence unlike some of the other DPSUs.
- Margins are low due to dictates of market / current environment.

(iii) Opportunities and Threats:

(a) Opportunities

Mining & Construction:

- Operationalization of additional coal blocks would increase business opportunities.
- Increased thrust by Government in infrastructure development.
- Dredger equipment business / business from spares for existing dredgers.

Rail & Metro:

- Metro Rail extending to Tier-II cities in the Country.
- Indian Railways graduating to High Speed LHB Coaches & Sub-urban Railways graduating to SSEMUs.

Defence:

- The interim budget of 2014-15, a hike of 10% has been announced for Defence allocation in comparison to BE 2013-14.
- The interim Union Budget for 2014-15, the army has been allocated funds for acquisition of Heavy and Medium Vehicles.

- Preference for indigenous procurement has been made a part of DDP, a boost to India's efforts to build an indigenous Defence industrial base.
- “Buy Indian” and “Buy and Make” Indian policy of MoD is a boon to Indian industry with imports being a choice of last resort.

New Areas

- Emerging business opportunity for Electric buses which run on unconventional fuel, a Green project system is expected to be in the mainline road transport.

(b) Threats

- Domestic and global economic scenario yet to pick-up.
- Post liberalization, technology leaders operating directly than parting technology to Indian counterparts.
- Mergers & Acquisitions in mining and construction equipment industry.
- Project delay, especially in Mining sector due to delay in resolving environmental and social issues.
- Demand for higher capacity M&C equipment, in line with the global market trend.
- High expectations of contractor segment.
- Increasing pressure on reducing ownership costs.
- Improved technology for operational cost to stay ahead in business.
- Uncertainty in Defence business.
- Opening up of Defence purchases to private sector increasing further competition.
- Dumping of products.

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

(` in Crores)

Sl.No.	Segments	Income from operations	%age
1	Mining & Construction Business	1446.08	49.67
2	Defence Business	143.41	4.92
3	Rail & Metro Business	1314.19	45.14
4	Others	7.83	0.27
	Total	2911.51	100.00

(v) Outlook:

The World Bank's publication, Global Economic Prospects, expects the Indian economy to expand to 6.2% in 2014-15, after hitting a 11-year low of 4.9% during 2013-14. "Growth in India will be led by recovery in global demand and an increase in domestic investment", the report said. The government is pushing infrastructure project in a big way and roped in public sectors to pump money to the infrastructure projects for capacity creation which will drive demand.

The CMIE report of 16th April 2014 mentions:

“The industrial sector is expected to grow by 3.3%, faster than the meager 0.6% growth estimated for 2013-14 as indicated CMIE report of 16th April 2014. The mining sector is expected to return to a growth of 2.8 per cent, after shrinking for three successive years.

The investment demand in India is expected to pick up gradually in 2014-15. The Cabinet Committee on Investments (CCI) clearing more and more projects. The land acquisition process becomes easy post implementation of the new land acquisition act. Fast tracking of projects is expected to boost the construction activity in India, generate new employment and create fresh demand for items like cement, steel and machinery.

Thus, the manufacturing sector is expected to see a turnaround in 2014-15, registering a 2.8% growth, as against a 0.5% fall estimated for 2013-14. The electricity sector is expected to maintain its growth rate at around 6% in 2014-15”.

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

The army has been allocated funds for acquisition



of Heavy and Medium Vehicles during 2014-15. BEML is making all efforts to pick up business in the areas related to its product portfolio.

Indian Railways has planned a huge outlay for 2014-15 with introduction of new express trains, passenger services, DEMU services and MEMU services. To cater to this increased demand the Company has set up an additional coach manufacturing unit at KGF and Palakkad which are rolling out rail coaches in addition to the plant at Bangalore. The Company has an exclusive unit to manufacture Metro Coaches and currently ramping up the production rate by adopting modern manufacturing techniques keeping in view the steep increase in demand for metro cars. BEML has developed and supplied intermediate cars, SS EMUs and put them into service. Besides the above, the Company has developed Aluminum and Stainless steel wagons, for freight corridor. Business from Light Rail Transit System (LRTS) for tier-II and tier-III cities and as feeder lines for existing metros is being pursued. These are expected to open up new business opportunities during the current and next 2~3 years.

In this scenario, the Company will focus on emerging new business opportunities and also develop new products / aggregates to align with the market requirements. The Company has plans to grow in each of its vertical by expanding the business by adding products and new territories. BEML is committed to enhance customer satisfaction by providing quality products and services to its customer. Further, BEML would pursue business generation through new allied products like Aerospace products, electric buses, LRTS, Overhauling of recovery vehicles, Underground Mining Equipments and Dredging Equipment, etc., to add business.

(vi) Risks and Concerns:

The details on the subject are furnished under the head 'Risk Management' of the Board's Report.

(vii) Internal control systems and their adequacy:

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

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

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

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

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

(` in Crores)

Particulars	2013-14	2012-13
a. Revenue billed	3262.20	3289.77
b. Revenue (excl. consortium & including excise duty)	3120.17	2998.87
c. Value of Production (excl. consortium & including excise duty)	3023.11	3068.79
d. Profit before tax	9.08	(122.33)
e. Profit after tax	4.68	(79.87)
f. Networth	2079.84	2080.03
g. Inventory	2152.10	2456.20
h. Trade Receivables (Gross)	1276.71	1346.81
Total Inventory in no. of days of VoP (g/c)	260	292
Trade Receivables / Sales in days (h/b)	149	164
Profit before Tax to Sales (d/b) (%)	0.29	(4.08)
Profit after Tax to Networth (e/f) (%)	0.22	(3.84)

Your Company achieved revenue billing of ` 3262.20 crores including the value of consortium supplies against ` 3289.77 crores of corresponding value in the previous year. The revenue from operations (net of consortium supplies and excise duty) stood at ` 2911.51 crores as against ` 2808.91 crores in the previous year, registering a marginal growth of 3.65%. The Value of Production (net of consortium supplies and excise duty) is ` 2814.45 crores as against ` 2878.83 crores in the previous year. The Profit before Tax was ` 9.08 crores as against loss of ` 122.33 crores recorded in the previous financial year. Though the Sales (net of consortium supplies and excise duty) has registered a marginal growth of 3.65%, non-availability of further input material for Defence supplies have affected the sales (net) of the business group registering a negative growth of 59%. Despite the sluggish market conditions in the Mining & Construction business segment, your Company could achieve a 5% increase in the sales (net) compared to the previous year. However, the sales of Rail & Metro segment registered a growth of 25% (net of consortium supplies and excise duty), which almost compensated the above reduction in business resulting in the said overall marginal growth of 3.65%. Further, the value of production has shown declining trend of 2.24%. This is mainly because of reduction in production in Mining & Construction business keeping in view the higher level of finished goods inventory and also lower production in Defence on account of the prevailing situation.

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

The Company intensified focus on training and development of manpower. Training and development at middle management levels were in focus during the year. The Company introduced competence management by way of a structured approach in major locations. A

company-wide associate survey was undertaken to obtain feedback on various aspects, covering all employees. The Company intensified its communication with all levels and categories of employees by way of different internal forums. The Company also continued to excel in the field of training apprentices and workmen.

The industrial relations have been harmonious and cordial. The manpower strength as of 31.03.2014 stood at 10,328. During the year, 23,089 man-days of training were imparted to sharpen their skills and update their knowledge of employees.

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

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

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

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

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



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

To the Members of BEML Limited

I have examined all the relevant records of BEML Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges and DPE Guidelines on Corporate Governance for CPSEs-2010 for the year ended 31st March, 2014. I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

On the basis of my examination of the records produced and the explanations and information furnished, I certify that the Company has complied with mandatory requirements of Clause 49 of the Listing Agreement and DPE Guidelines on Corporate Governance for CPSEs-2010 excepting composition of Board of Directors with regard to Independent Directors.

For Velichety & Co.
Chartered Accountants

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

Bengaluru
19.05.2014

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

2. Use of Estimates

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

3. Fixed Asset

A. Capitalisation

- (a) The Fixed Assets are stated at cost.
- (b) The cost of the Fixed Asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

- (c) Expenditure on land development is capitalised.
- (d) Expenditure on reconditioning, rebuilding and major overhaul of an asset are capitalized if technical assessment indicates increase in future benefits from the existing assets beyond its previously assessed standards of performance (increase in capacity or life or efficiency or productivity).
- (e) Jigs and fixtures of unit value of ` 5 lakhs and above are capitalized and those with unit value below ` 5 lakhs are charged off in the year of incurrence.

B. Depreciation

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



C. Borrowing Cost

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

D. Impairment of Assets

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

4. Intangible Assets

(a) Software

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

(b) Technical Know-how

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

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

5. Inventory Valuation

- (i) Raw materials, Components, Stores and Spare parts are valued at lower of Weighted Average Cost and estimated

net realizable value.

- (ii) Work-in-progress is valued at lower of cost of materials, labour and production overheads based on normative capacity and estimated net realizable value.
- (iii) Finished stock is valued at lower of cost and estimated net realizable value.
- (iv) Estimated costs are considered wherever actual costs are not available.
- (v) The cost is adjusted for decline in value by writing down the value based on specific identification. Necessary provision is made for non-moving items.
- (vi) Based on technical assessment, provision is made for revalidation / refurbishment of finished goods.
- (vii) Scrap is valued at estimated net realizable value.

6. Advances from customers

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

7. Sales / Other Income

- (i) Sales for products viz., equipments, aggregates, attachments, spares and ancillary products is recognised when risks and rewards of ownership pass on to the customer as per contractual terms.
- (ii) In the case of contracts for supply of complex equipments / systems where the normal cycle time of completion and

delivery period is more than 12 months and the value of the equipment / system is more than ₹25 crores, revenue is recognised on the 'percentage completion method'. Percentage completion is based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total cost of the product.

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

- (iii) Where sale prices are not established, sales are recognised provisionally at prices likely to be realised. Difference, if any, is accounted in the year of finalization of price.
- (iv) Sales include excise duty wherever applicable but exclude sales tax.
- (v) Duty drawback claims on exports are accounted on preferring the claims.
- (vi) Claims for escalation are recognised as per escalation formula provided in the contract. If the contract does not provide for escalation, claim for the same is recognized on acceptance by the customer.
- (vii) Where the contract provides for installation and commissioning and price for the same is agreed separately, revenue for installation and

commissioning is recognised on conclusion of installation and commissioning. Where installation and commissioning fee is not separately stipulated, the revenue for the product is recognised, however, estimated cost as technically assessed for such installation and commissioning to be incurred, is provided for.

8. Employee Benefits

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

9. Accounting for Foreign Currency Transactions

- (i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount, the exchange rate prevailing as on the date of transaction.
- (ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by



adopting the rate of exchange prevailing on the date of Balance Sheet.

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

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

10. Contractual Obligations

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

11. Research & Development

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

12. Prior Period Items

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

13. Under / Over Absorption of Cost

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

14. Taxes on Income

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

15. Leased Assets

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

16. Investments

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

17. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when

- A present obligation arises as a result of past events.
- It is probable that an outflow of resources

will be required to settle the obligation in respect of which a reliable estimate can be made.

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

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

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

18. Others

- (i) Special Tools up to the unit value of ` 5000 are charged off in the year of incurrence and those above unit value of ` 5000 are amortized over a period of three years.
- (ii) Hand tools are charged to expenses at the time of issue.
- (iii) Expenditure on Voluntary Retirement Scheme is expensed in the year of incurrence.

Refer our report of even date attached

For and on behalf of the Board of Directors

For PADMANABHAN RAMANI & RAMANUJAM

Chartered Accountants

Firm Registration Number: 002510S

G.VIVEKANANTHAN

Partner

Membership No.:28339

PRADEEP SWAMINATHAN

Director (Finance)

DIN:06565229

P DWARAKANATH

Chairman & Managing Director

DIN:02107805

Place: Bangalore

Date: 30.06.2014

M E V SELVAMM

Company Secretary

**BALANCE SHEET**

(C in Lakhs)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	4,177.22	4,177.22
(b) Reserves and surplus	2	203,806.71	203,826.13
Sub-total		207,983.93	208,003.35
(2) Share application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	46,520.11	49,811.05
(b) Other Long term liabilities	4	37,939.83	40,603.50
(c) Long-term provisions	5	13,587.26	14,916.67
Sub-total		98,047.20	105,331.22
(4) Current liabilities			
(a) Short-term borrowings	6	43,943.21	71,620.47
(b) Trade payables	7	38,579.63	48,955.65
(c) Other current liabilities	8	75,892.21	68,088.72
(d) Short-term provisions	9	11,637.25	19,514.58
Sub-total		170,052.30	208,179.42
Total		476,083.43	521,513.99
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	47,775.37	50,253.93
(ii) Intangible assets	10	2,094.25	2,820.50
(iii) Capital work-in-progress	11	13,533.63	11,322.87
(iv) Intangible assets under development	11A	3,753.73	2,855.77
(b) Non-current investments	12	257.64	257.64
(c) Deferred tax assets (net)	13	10,005.33	10,523.84
Sub-total		77,419.95	78,034.55
(d) Long-term loans and advances	14	29,760.71	28,297.98
(e) Other non-current assets	15	428.03	245.83
Sub-total		30,188.74	28,543.81
(2) Current assets			
(a) Current Investments	16	129.06	155.70
(b) Inventories	17	215,210.29	245,619.92
(c) Trade receivables	18	97,736.19	86,151.14
(d) Cash and cash equivalents	19	1,623.49	7,692.46
(e) Short-term loans and advances	20	23,437.98	31,967.04
(f) Other current assets	21	30,337.73	43,349.37
Sub-total		368,474.74	414,935.63
Total		476,083.43	521,513.99

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

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

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

PRADEEP SWAMINATHAN
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 30.06.2014

M E V SELVAMM
Company Secretary

STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Revenues:			
Revenue including Excise Duty	22	312,016.99	299,886.90
Less: Excise Duty [Refer Note 22(iii)]		20,865.59	18,995.89
Revenue from operations		291,151.40	280,891.01
Other income	23	6,338.95	10,359.39
Total Revenue		297,490.35	291,250.40
Expenses:			
Cost of materials consumed	24	161,421.76	171,517.45
Purchase of Stock-in-trade	24A	311.99	910.17
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade	25	9,706.28	(6,992.23)
Employee benefits expense	26	71,675.65	73,939.90
Finance costs	27	11,045.74	14,099.34
Depreciation and amortization expense	10	5,355.81	5,024.96
Other expenses	28	36,719.59	46,168.87
Total Expenses		296,236.82	304,668.46
Profit / (Loss) before exceptional, extraordinary and prior period items and tax		1,253.53	(13,418.06)
Add/ (Less) : Exceptional items	29	1,588.63	1,011.90
Profit / (Loss) before Prior Period Adjustment		2,842.16	(12,406.16)
Add / (Less) Prior Period Adjustment	30	(1,933.94)	172.62
Profit / (Loss) before tax		908.22	(12,233.54)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		518.51	(4,246.39)
(3) Excess Provision of previous years written back		(78.09)	-
Profit / (Loss) for the period	31(A)	467.80	(7,987.15)
Earnings per equity share: (₹ 10/- each) in `			
Basic and diluted	31(A)	1.12	(19.18)

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

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

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
 Partner
 Membership No.:28339

PRADEEP SWAMINATHAN
 Director (Finance)

P. DWARAKANATH
 Chairman & Managing Director

Place: Bangalore
 Date: 30.06.2014

M E V SELVAMM
 Company Secretary



CASH FLOW STATEMENT

(` in Lakhs)

Particulars	For the Year ended 31st March 2014		For the Year ended 31st March 2013	
	Sub items	Main items	Sub items	Main items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		908.22		(12,233.54)
<i>Adjustments for</i>				
Depreciation	5,355.81		5,024.96	
Amortisation	121.73		260.70	
(Gain)/loss on disposal of fixed assets	(4.16)		(8.62)	
Foreign exchange loss / (gain)	315.25		(276.68)	
Provision for Obsolescence	1,154.77		609.87	
Bad debts written off	158.73		77.35	
Financing Cost	11,045.74		14,099.34	
Interest income	(2,054.46)		(4,051.85)	
Other Provisions	(3,112.69)	12,980.72	13,264.81	
				28,999.88
Operating Profit / (Loss) before changes in working capital		13,888.94		16,766.34
<i>Adjustment for</i>				
Inventories	24,236.33		(3,638.91)	
Trade & other receivables	16,463.40		(17,971.74)	
Other current assets	(6,670.46)		(7,864.79)	
Trade payables	(10,452.20)		(832.02)	
Other payables	4,580.21		2,840.90	
		28,157.28		(27,466.56)
Cash generated from operations		42,046.22		(10,700.22)
Direct taxes paid/refunded		(2,644.32)		(3,149.23)
Net cash flow from/used in operating activities		39,401.90		(13,849.45)
B. Cash flow from investing activities				
Purchase of Fixed Assets	(4,277.60)		(13,368.42)	
Purchase of intangible fixed assets	(949.41)		(3,600.97)	
Sale of tangible fixed assets	(28.55)		8.62	
Investments in subsidiaries	-		-	
Interest Received	2,457.07		3,776.79	
Net cash flow from/used in investing activities		(2,798.49)		(13,183.98)
C. Cash flow from financing activities				
Proceeds/(Repayments) from/to ECB & long-term borrowings	(3,394.95)		(248.18)	
Proceeds/(Repayments) from/to Bonds	-		30,000.00	
Proceeds/(Repayments) from/to Unsecured loans	-		(5,163.00)	
Proceeds/(Repayments) of Inter corporate loans	(1,565.60)		(1,565.60)	
Proceeds/(Repayments) of Soft loan	2,087.00		-	
Proceeds/(Repayments) of short-term borrowings	(27,677.26)		7,258.97	
Financing Cost	(10,903.52)		(12,383.48)	
Dividend & Tax paid for equity shares	(1,218.05)		(2,420.02)	
Net cash flow from/used in financing activities		(42,672.38)		15,478.69
Net increase/(decrease) in cash and cash equivalents		(6,068.97)		(11,554.74)
Cash and Cash Equivalents, Beginning of the year		7,692.46		19,247.20
Cash and Cash Equivalents, Ending of the year		1,623.49		7,692.46

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

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

PRADEEP SWAMINATHAN
Director (Finance)

P. DWARAKANATH
Chairman & Managing Director

Place: Bangalore
Date: 30.06.2014

M E V SELVAMM
Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

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

Note 1 : Share Capital

(` in Lakhs)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Number	Amount	Number	Amount
Authorised :				
Equity Shares of ` 10 each	100,000,000	10,000.00	100,000,000	10,000.00
Issued :				
Equity Shares of ` 10 each	41,900,000	4,190.00	41,900,000	4,190.00
Subscribed :				
Equity Shares of ` 10 each	41,644,500	4,164.45	41,644,500	4,164.45
Paid-up :				
Equity Shares of ` 10 each, fully paid-up	41,644,500	4,164.45	41,644,500	4,164.45
Forfeited Shares (amount originally paid) :				
Equity Shares of ` 5 each	255,500	12.77	255,500	12.77
Total		4,177.22		4,177.22

Rights and restrictions attached to equity shares

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

Disclosure requirements for 5 years	Number of Shares				
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
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 2014		As at 31st March 2013	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding as at Opening Date	41,644,500	4,164.45	41,644,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	41,644,500	4,164.45	41,644,500	4,164.45

Equity Shares held by shareholders having 5% or more	As at 31st March 2014		As at 31st March 2013	
Name of the shareholder	No. of Shares	% held	No. of Shares	% held
President of India	22,500,000	54.03	22,500,000	54.03
Reliance capital Trustee Co. Ltd.	2,967,999	7.13	3,638,881	8.74
LIC of India	2,777,566	6.67	2,777,566	6.67

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

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

Note 2 : Reserves & Surplus

(` in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Capital Reserve		
Opening Balance	105.66	105.66
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	105.66	105.66
Nonimara Excellence Award Reserve		
Opening Balance	1.44	1.44
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	1.44	1.44

(` in Lakhs)		
Particulars	As at 31st March 2014	As at 31st March 2013
Securities Premium Reserve		
Opening Balance	61,204.07	61,204.07
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	61,204.07	61,204.07
Debenture Redemption Reserve		
Opening Balance	-	-
Additions during the year	467.80	-
Deductions during the year	-	-
Closing Balance	467.80	-
General Reserve		
Opening Balance	119,033.62	115,401.78
Additions during the year	-	3,631.84
Deductions during the year	-	-
Closing Balance	119,033.62	119,033.62
Balance in the Statement of Profit and Loss		
Opening Balance	23,481.34	36,318.38
Additions / (deletions) during the year	467.80	(7,987.15)
Less: Appropriations		
- Transfer to Debenture Redemption Reserve	467.80	-
- Proposed dividend	416.45	1,041.11
- Tax on Dividend	70.77	176.94
- Transfer to General reserve	-	3,631.84
Closing Balance	22,994.12	23,481.34
Total	203,806.71	203,826.13

Note 3 : Long Term Borrowings

(` in Lakhs)				
Particulars	As at 31st March 2014		As at 31st March 2013	
	Non-Current	Current	Non-Current	Current
Term Loans				
Secured from Banks				
i. From State Bank of Travancore, Secured on first charge by way of hypothecation of all movable including machinery, spares, tools, accessories present and future (except receivables and current assets) and equitable mortgage of immovable property at Palakkad Complex. Rate of interest 10.50%	1,722.48	494.25	2,467.42	494.26
ii. From Standard Chartered Bank, secured by exclusive first charge on 61 Acres and 37 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of interest 9.14%	5,300.00	2,650.00	7,950.00	2,650.00



(` in Lakhs)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Non-Current	Current	Non-Current	Current
iii. Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.24%	30,000.00	-	30,000.00	-
Unsecured From Other Parties				
i. Inter corporate loans against company's corporate guarantee	7,828.03	1,565.60	9,393.63	1,565.60
ii. Soft Loan - Interest Free Loan from Govt of Kerala	1,669.60	417.40	-	-
Total	46520.11	5127.25	49811.05	4709.86

Maturity Profile of Term Loans from Banks :

(` in Lakhs)

Name of the Bank	Maturity Profile					
	Interest Rate	2014-15	2015-16	2016-17	2017-18	2018-19
State Bank of Travancore	10.50%	494.25	494.25	494.25	494.25	239.73
Standard Chartered Bank	9.14%	2650.00	2650.00	2650.00	-	-

Maturity Profile of Secured Redeemable Non-convertible Debentures :

(` in Lakhs)

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

Maturity Profile of Unsecured Inter Corporate Loan :

(` in Lakhs)

Rate of Interest	Interest Rate	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bank Rate plus 3.50%, Currently 12.50%	12.50%	1565.61	1565.60	1565.61	1565.60	1565.61	1565.60

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

(` in Lakhs)

Rate of Interest	Interest Rate	2014-15	2015-16	2016-17	2017-18	2018-19
Soft Loan - Interest free Loan, Re-payable in 10 equal instalments in 5 years	0.00%	417.40	417.40	417.40	417.40	417.40

Note 4 : Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Advance received	37,910.49	40,113.93
Deposits & EMD received	29.34	31.66
Others	-	457.91
Total	37939.83	40,603.50

Note 5 : Long-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Provision for employee benefits		
for Leave Salary	11,611.78	11,636.09
for Post retirement contributory medical scheme	1,825.48	2,855.58
Provision-others		
for warranty	150.00	425.00
Total	13,587.26	14,916.67

Note 6 : Short-Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Repayable on demand from banks		
Secured		
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of inventories, Bills receivable, Book Debts and all other movables both present and future)	43943.21	71,620.47
Unsecured	-	-
Total	43943.21	71,620.47

Note 7 : Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Micro, Small & Medium Enterprises	2,562.11	3,491.78
Others	36,017.52	45,463.87
Total	38,579.63	48,955.65



Micro, Small and Medium Enterprises

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

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Amount due and Payable at the year end		
- Principal	1,142.95	2,245.35
- Interest on above Principal	43.69	239.45
Payments made during the year after the due date		
- Principal	3,418.73	8,800.69
- Interest	-	-
Interest due and payable for principals already paid	157.16	553.15
Total Interest accrued and remained unpaid at year end	200.85	792.60

Note 8 : Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Current maturities of long term debt (Refer Note No. 3)	5,127.25	4,709.86
Interest accrued but not due on Borrowings	1,172.95	1,222.05
Interest accrued and due on Borrowings	5.22	14.75
Unclaimed dividends	52.91	62.52
Other payables		
a. Staff related dues	4,427.68	4,795.77
b. Statutory dues	2,722.33	7,978.88
c. Deposits & EMD received	620.93	786.43
d. ED provision on FGI/Others	10,147.84	12,433.57
e. Other dues	7,680.75	9,674.16
f. Advances and Deposits	43,934.35	26,410.73
Total	75,892.21	68,088.72

Note 9 : Short-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Provision for employee benefits		
for Gratuity	1,276.30	8,792.67
for Leave Salary	1,603.62	962.20
for Performance Related Pay	502.00	966.99
for Post retirement contributory medical scheme	317.19	344.56
Provision-others		
Proposed dividend	416.45	1,041.11
Tax on dividend	70.77	176.94
for pending Legal cases	238.66	477.56
for warranty	5,024.17	5,527.46
for unexpired obligations	2,188.09	1,225.09
Total	11,637.25	19,514.58

Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

Particulars	As at 01.04.2013	Additions	Utilization	Reversal	As at 31.03.2014	
					Long-term	Short-term
Gratuity	8,792.67	1,276.30	8,792.67	-	-	1,276.30
Leave Salary	12,598.29	4,385.42	3,768.31	-	11,611.78	1,603.62
Post retirement contributory medical scheme	3,200.14	-	111.16	946.31	1,825.48	317.19
Performance Related Pay	966.99	-	-	464.99	-	502.00
Pending legal cases	477.56	51.37	199.32	90.95	-	238.66
Warranty	5,952.46	4,784.34	4,225.98	1,336.65	150.00	5,024.17
Unexpired Obligation	1,225.09	1,632.03	-	669.03	-	2,188.09
Total	33,213.20	12,129.46	17,097.44	3,507.93	13,587.26	11,150.03



Note 10 : Fixed Assets

(` in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2014	As at 01.04.2013	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land										
Free Hold	1,395.88	247.90	4.00	1,647.78	-	-	-	-	1,647.78	1,395.88
Lease Hold	7,715.39	273.56	-	7,988.95	129.33	27.47	(0.01)	156.79	7,832.16	7,586.06
Roads & Drains	2,617.78	-	(0.01)	2,617.77	565.64	41.47	(0.01)	607.10	2,010.67	2,052.14
Water Supply Installations	715.40	-	(0.14)	715.26	374.64	30.14	(0.12)	404.66	310.60	340.76
Buildings	21,082.53	72.58	(4.24)	21,150.87	6,257.70	565.78	(2.60)	6,820.88	14,329.99	14,824.83
Railway sidings	929.00	0.22	-	929.22	294.89	42.75	0.01	337.65	591.57	634.11
Plant, Machinery and Equipment	70,297.89	913.60	(600.02)	70,611.47	49,764.17	3,061.62	(499.57)	52,326.22	18,285.25	20,533.72
Electrical Installation	3,781.68	45.57	(16.20)	3,811.05	2,897.48	199.16	(15.36)	3,081.28	729.77	884.20
Furniture & Fixtures	1,458.11	10.69	(1.66)	1,467.14	994.65	46.33	(4.60)	1,036.38	430.76	463.46
Vehicles										
Given on Lease	535.36	-	(43.69)	491.67	150.04	48.83	(15.13)	183.74	307.93	385.32
Own Use	1,692.04	316.28	251.34	2,259.66	1,022.66	178.61	94.45	1,295.72	963.94	669.38
Office Equipment	482.32	3.67	(23.12)	462.87	422.62	18.02	(23.10)	417.54	45.33	59.70
Jigs & Fixtures	1,449.58	182.77	-	1,632.35	1,025.21	317.52	-	1,342.73	289.62	424.37
Total Tangible Assets	114,152.96	2,066.84	(433.74)	115,786.06	63,899.03	4,577.70	(466.04)	68,010.69	47,775.37	50,253.93
Previous Year	109,365.90	3,864.76	922.30	114,152.96	59,195.72	4,348.28	355.03	63,899.03	50,253.93	50,170.18

(` in Lakhs)

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.2013	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2014	As at 01.04.2013	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Intangible Assets										
Computer software	1,287.34	51.45	0.54	1,339.33	563.21	288.59	0.13	851.93	487.40	724.13
Technical Know how	2,937.03	-	-	2,937.03	840.66	489.52	-	1,330.18	1,606.85	2,096.37
Total Intangible Assets	4,224.37	51.45	0.54	4,276.36	1,403.87	778.11	0.13	2,182.11	2,094.25	2,820.50
Previous Year	3,479.17	745.20	-	4,224.37	727.19	676.68	-	1,403.87	2,820.50	2,751.98
Total Tangible & Intangible Assets C Y	118,377.33	2,118.29	(433.20)	120,062.42	65,302.90	5,355.81	(465.91)	70,192.80	49,869.62	53,074.43
Total Tangible & Intangible Assets P Y	112,845.07	4,609.96	922.30	118,377.33	59,922.91	5,024.96	355.03	65,302.90	53,074.43	52,922.16

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

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

B. Accounting Standard 19 (Leases)

i) Office premises taken on lease

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

ii) Cars given on Lease on non cancellable basis

I.	a) Gross Carrying amount	₹ 491.67 Lakhs (Previous Year - ₹ 535.36 Lakhs)
	b) Accumulated depreciation	₹ 183.74 Lakhs (Previous Year - ₹ 150.04 Lakhs)
	c) Accumulated impairment losses	₹ Nil
	(i) Depreciation recognized in the Statement of Profit & Loss Account	₹ 48.83 Lakhs (Previous Year - ₹ 50.98 Lakhs)
	(ii) Impairment losses recognized in the Statement of Profit & Loss Account	₹ Nil (Previous Year - ₹ Nil)
	(iii) Impairment losses reversed in the Statement of Profit & Loss Account	₹ Nil (Previous Year - ₹ Nil)
II.	Future minimum lease payments under non-cancellable operating leases – Leased cars	
	(i) Not later than one year	₹ 59.26 Lakhs (Previous Year - ₹ 68.10 Lakhs)
	(ii) Later than one year but not later than five years	₹ 194.02 Lakhs (Previous Year - ₹ 209.93 Lakhs)
	(iii) Later than five years	₹ 88.32 Lakhs (Previous Year - ₹ 107.29 Lakhs)
III.	Total rent recognized as income in the Statement of Profit & Loss Account	₹ 47.45 Lakhs (Previous Year - ₹ 58.66 Lakhs)

C. Gross value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹ 471.68 Lakhs (WDV - ₹ 316.48 Lakhs) (Previous Year - ₹ Nil).



D. Fixed Assets

- i) Buildings includes cost of building at Kolkota ` 26.82 Lakhs (Previous Year - ` 26.82 Lakhs) on lease with an option to buy for a nominal sum of ` 0.15 Lakhs at the end of 99 years from the date of taking possession viz., February'83 / April'84.
- ii) Buildings includes cost of building at Mumbai and Ranchi pending registration / khatha transfer at ` 33.00 Lakhs (Previous Year - ` 33.00 Lakhs)
- iii) The company has taken land measuring 1109 acres and two workshops on lease initially 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 (A Company under orders of winding up by BIFR), and a sum of ` 100 Lakhs was paid as non-refundable deposit, (included under Long Term Loans and Advances (Note 14)). As per the terms of the Lease agreement, this deposit shall be adjusted against the outright sale / transfer of ownership that may be fixed for the property and the 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 lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Company had incurred on the above land, a sum of ` 1452.95 Lakhs (WDV ` 1191.95 Lakhs) on building (Previous Year - ` 1452.95 Lakhs (WDV ` 1239.33 Lakhs)) included in Fixed Assets (Note 10) as at year end.

During the year, 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.

- iv) 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 (Previous Year - ` 2547.21 Lakhs) 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.
- v) 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).

- vi) Free Hold Land include land at cost ₹ 134.27 Lakhs at Hyderabad for which registration is pending.
- vii) 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.
- viii) As per the demand of KIADB, provision of interest amounting to ₹ 441.64 Lakhs up to period 31st March 2014 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Additional compensation demanded by KIADB authority amounting to ₹ 183.57 Lakhs has been capitalised and liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB Board.

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

- | | |
|---|-------------|
| - Plant & Machinery | ₹ 1.00 Lakh |
| - Any other asset (should be specified) | ₹ Nil |

Note 11 : Capital Work-in-Progress

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Building	757.72	743.68
Equipment under inspection and in transit	-	83.64
Machinery	11,993.24	9,953.88
Others	782.67	541.67
Total	13,533.63	11,322.87

Note 11A: Intangible assets under development

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Development Expenditure	3,753.73	2,855.77
Total	3,753.73	2,855.77



Note 12 : Non-Current Investments

(C in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Long Term, unquoted at cost		
Trade Investments		
In Equity Shares of Subsidiary Companies :		
In Vignyan Industries Limited, 2,69,376 fully paid up Equity Shares of ` 100 each	252.60	252.60
In MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of ` 10 each [refer note 14 (a)]	5.00	5.00
In Equity Shares of Joint Venture Company :		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ` 10 each	542.25	542.25
Less: Provision for diminution in value of investment in BEML Midwest Ltd.	(542.25)	(542.25)
Total trade investments	257.60	257.60
Other Investments		
Investment in Ordinary Shares of Co-operative Societies - Un-quoted, fully paid up		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ` 10 each	0.03	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ` 100 each.	0.01	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ` 50 each	-	-
Total other investments	0.04	0.04
Total - Unquoted at cost	257.64	257.64

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

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

- a. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2014 due to litigation pending before Company Law Board. Hence, disclosure requirements under AS-27 (Financial Reporting of Interests in Joint Ventures) with regard to the Company's share in assets, liabilities, income & expenditure and its share in the contingent liabilities could not be complied with.

- b. The company had issued corporate guarantee to Bank for facilities extended to BEML Midwest Limited, for ₹ 1912.50 Lakhs. Since BEML Midwest failed to pay, the Bank concerned invoked the corporate guarantee and claimed from the company. However the company has refused to pay the claim on the ground that the claim relating to forward contracts were entered into without the approval of board of BEML Midwest Limited and that the majority shareholder has misappropriated and acted beyond the mandate without complying with the terms and conditions specified by the Board of BEML Midwest Limited. The matter is pending before Debt Recovery Tribunal (DRT). The company does not envisage any cash outflow in this regard.

Note 13: Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liabilities (DTL)		
Related to Fixed Assets	4,383.08	4,818.33
Special Tools	135.77	76.66
Total DTL (A)	4,518.85	4,894.99
Deferred Tax Assets (DTA)		
Timing Difference under the Income Tax Act, 1961	12,967.59	15,418.83
Carry forward loss	1,556.59	-
Total DTA (B)	14,524.18	15,418.83
Net Total (B-A)	10,005.33	10,523.84

With the orders on hand, in the current operational environment, it is virtually certain that the company will make sufficient profit to set-off the carried forward loss and realise the related deferred tax asset.

Note 14 : Long-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured, considered good		
Capital Advances	274.06	102.93
Security Deposits	599.58	440.89
Loans and Advances to Related Parties [refer Note No.31 (C)]	600.93	599.56
Inter Corporate Loan	8,210.87	9,853.04
Other Loans and Advances [see note (a) below]	5,898.66	5,896.34
Advance Income Tax (net of provision)	14,071.64	11,271.13
Pre paid expenses & Other advances	104.97	134.09
Sub-total	29,760.71	28,297.98
Doubtful		
Other Loans and Advances	120.19	120.19
Less : Provision for doubtful advances	120.19	120.19
Sub-total	-	-
Total	29,760.71	28,297.98
Due by officers of the Company	22.51	66.74



a. The Company has entered into a Consortium Agreement (MAMC Consortium) with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹ 4800.00 Lakhs towards the total bid consideration of ₹ 10000.00 Lakhs towards the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the MAMC Consortium. Further, the Company has incurred a sum of ₹ 768.29 Lakhs (Previous Year - ₹ 714.02 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 ₹ 5568.29 Lakhs (Previous Year - ₹ 5514.02 Lakhs) is included under the head 'Other Loans and Advances', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, no independent valuation of the assets taken over has been done and the diminution in value of investments, if any, can be ascertained only after the formulation of business plan and approval of shareholders' agreement from MOD and consequential share allotment.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly-owned subsidiary company for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of ₹ 600.93 Lakhs (Previous Year - ₹ 599.56 Lakhs) on account of MIL, which is included under the head 'Loans and Advances to related parties'.

Note 15 : Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Others		
Gold coins on Hand	9.57	9.57
Special Tools	418.46	236.26
Total	428.03	245.83

Note 16 : Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Long Term, unquoted at cost		
Trade Investments		
In Quotas of Foreign Subsidiary		
Investments in Quotas in BEML Brazil Industrial Ltda., 99.98% of the quotas held by BEML and balance held by the nominees of BEML.	185.55	185.55
Less: Provision for diminution in value	(56.49)	(29.85)
Total	129.06	155.70

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

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Raw materials & Components	42,563.16	55,296.56
Raw materials & Components in Transit	1,346.53	7,143.48
Stores and Spares	2,259.45	2,330.54
Work-in-Progress	57,929.22	73,029.04
Finished Goods	65,835.56	67,222.43
Finished Goods in Transit	7,934.05	822.51
Stock of Spares	33,754.02	36,152.45
Stock of Spares in Transit	636.10	107.46
Hand tools	1,595.90	1,828.02
Scrap	1,356.30	1,687.43
Total	215,210.29	245,619.92

- Negative work orders amounting to ₹ 722.60 Lakhs (Previous Year - ₹ 624.56 Lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on cost of production on this account.
- Raw materials & Components includes materials lying with sub contractors ₹ 1052.93 Lakhs (Previous Year - ₹ 1910.63 Lakhs).
- 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.
- 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.
- Provision towards obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.
- The inventory does not include the value of materials received free of cost from customers and supplies against LOI which are held in trust.

**Note 18 : Trade Receivables**

(` in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured, considered good		
Outstanding for period exceeding six months*	44,970.85	53,320.26
Others	52,765.34	32,830.88
Unsecured, considered doubtful		
Outstanding for period exceeding six months	12,000.23	12,228.59
Allowance for bad and doubtful debts	12,000.23	12,228.59
Total	97,736.19	86,151.14

- i. Trade Receivables - Outstanding for period exceeding six months include `499.60 Lakhs (Previous Year - `499.60 Lakhs) due from Railway Board, on the amount billed, relating to certain expenses incurred by the company on the supply of wheel sets. The Railway Board has agreed vide its amendment to sale order dated 18.10.12 to reimburse this claim at the lower of actual paid by BEML as per documentary evidence or at the rates being paid by Ministry of Railways, subject to unconditional acceptance by the company. The company is yet to give its acceptance, pending clarification from Railway Board / the paying authority of Railway Board on the rates paid by them. The company does not expect any material impact on the final realization of this receivable.
- ii. The company is having factoring arrangement with banks. Trade receivables amounting `Nil (Previous Year - `17189.83 Lakhs) has been sold to the banks. This amount has been reduced from trade receivables 'Others' as on 31st March, 2014. [The factoring cost incurred is `652.58 Lakhs. (Previous Year - `1093.74 Lakhs), included in Bank charges].
- *iii. Trade receivables - Outstanding for period exceeding six months include `925.87 Lakhs (Previous Year - `925.87 Lakhs) towards interest rate difference on advance amount received from Ministry of Defence (MoD). This amount pertains to interest rate difference between deposit rate and interest recovered at the rate of 9.50% by MoD during FY 2006-07, 2007-08 and 2009-10 from various bills. The matter has been taken up with MoD and it is under their consideration.
- iv. Trade receivables - Outstanding for period exceeding six months include `4139.92 Lakhs (Previous Year `4139.92 Lakhs) towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with Ministry of Defence (MoD) in 2001. This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation.

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

contemplated at the time of entering the contract placed by the customer.

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

Note 19 : Cash and Cash Equivalents

(` in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Balances with Banks	1,320.76	7,290.71
Balances with Banks - Unclaimed Dividend	52.91	62.52
Cheques, drafts on hand	238.26	328.74
Cash on hand	11.56	10.49
Total	1,623.49	7,692.46

Note 20 : Short-Term Loans and Advances

(` in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured, considered good		
Balances with Public Utility concern	3.74	11.13
Loans and Advances to Related Parties [refer Note No.31 (C)]	892.94	1,476.80
Inter Corporate Loan	1,642.17	1,642.17
Balances with Govt. departments for Customs Duty, Excise Duty etc., including receivables	1,359.90	15,203.15
Other Loans and advances	18,246.81	12,739.48
Pre paid expenses & Other advances	1,292.42	894.31
Sub-total	23,437.98	31,967.04
Doubtful		
Other Loans and advances	3,978.37	4,041.46
Less : Provision for doubtful advances	3,978.37	4,041.46
Sub-total	-	-
Total	23,437.98	31,967.04
Due by Officers of the Company	68.96	106.63

**Note 21 : Other Current Assets**

(` in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Interest accrued on bank deposits	-	402.61
Claims receivable	12,402.70	6,645.67
Unbilled revenue net of advances	17,935.03	36,301.09
Sub-total	30,337.73	43,349.37
Doubtful		
Claims receivable	3,583.87	2,974.37
Less : Provision for doubtful claims	3,583.87	2,974.37
Sub-total	-	-
Total	30,337.73	43,349.37

i. Claims receivable includes:

- Cost of additional material consumed for rail coaches (over and above the design specification based on which the revenue was recognized) amounting to ` 3181.51 Lakhs (Previous Year - ` 124.15 Lakhs), awaiting final price to be fixed by customer. The provisional price as per contract does not include the cost of additional material required for the change in the design specification. Once the final price is fixed, the claim receivable will be adjusted and corresponding revenue accounted.
- Cost of additional material consumed against variation order of Metro contract (RS1 & RS6) amounting to ` 512.33 Lakhs (Previous Year - ` 258.37 Lakhs) awaiting customer NOC.
- Claim Lodged pending under reconciliation amounting to ` 436.80 Lakhs (Previous Year - ` 252.18 lakhs).
- Claim lodged with Railway Board for excise duty and corresponding sale tax claim of ` 764.78 Lakhs (Previous Year - ` 817.83 Lakhs).

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

- Unbilled revenue include ` 7820.63 Lakhs (Previous Year - ` 11709.84 Lakhs) on account of additional provisional price accounted based on recommendation (for the years 2010-11 & 2011-12) by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Rail Board.

Note 22 : Revenue including Excise Duty

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
(a) Sale of products:		
Earth Moving Equipment	87,391.43	90,663.83
Rail & Metro Products	128,167.01	103,955.81
Defence Products	11,267.72	32,454.79
Traded Goods	343.83	7,698.04
Spare Parts	60,214.25	45,224.47
Wind Energy	290.28	317.53
Sub-total	287,674.52	280,314.47
(b) Sale of services;		
Design / IT Services	109.98	540.18
Equipment Servicing	21,021.39	15,340.23
Sub-total	21,131.37	15,880.41
(c) Other operating revenues		
Export incentives	153.53	255.12
Sale of Scrap	3,057.57	3,436.90
Sub-total	3,211.10	3,692.02
Revenue including Excise Duty	312,016.99	299,886.90

- i. Revenue including Excise Duty include ₹ 3259.13 Lakhs (Previous Year - ₹ 3891.36 Lakhs) recognised as additional provisional price in terms of Accounting Policy No. 7(iii) based on the price recommended for Rail coaches for the year 2011-12 by the Chief Advisor (Cost), Ministry of Finance (which is under consideration by the Rail Board). The difference, if any, is accounted in the year of finalisation of price.
- ii. Revenue including Excise Duty includes revenue recognized for ₹ 7244.49 Lakhs (Previous Year - ₹ 12823.28 Lakhs) in respect of FOR destination contracts, in accordance with Accounting Standard 9 - Revenue Recognition, on the basis of custodian certificates accepting billing and title to the goods, having a profit of ₹ 1454.47 Lakhs (Previous Year - ₹ 791.47 Lakhs) for the transactions.
- iii. The company has entered into a consortium agreement with three international partners for the supply of Metro coaches to Bangalore Metro Rail Corporation Ltd, (BMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on BMRCL and terminal excise duty and VAT thereon is discharged by the company.



Note 22A :

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

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Rail & Metro Products	142,369.79	133,046.23
Other products, services and other operating revenue	183,849.98	195,931.09
Sub-total	326,219.77	328,977.32
Less: Value of Consortium Supplies	14,202.78	29,090.42
Revenue including Excise Duty	312,016.99	299,886.90

Note 23 : Other Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Interest Income		
- From Banks	82.30	2,108.41
- From Inter Corporate Loans	1,341.36	1,549.04
- From Other Advances	-	3.62
- Others	630.80	390.78
Net gain on sale of Fixed Assets	6.07	10.16
Income from Commission	1.66	5.27
Provisions written back		
- Doubtful debts & Advances	111.33	424.90
- Others	1,993.73	1,577.36
Other non-operating income	2,171.70	4,289.85
Total	6,338.95	10,359.39

a. Tax Deducted at Source on Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
a) Interest on Call and Term Deposit from Banks	0.06	210.72
b) Inter Corporate Loans	134.12	154.91
c) Others	8.00	7.81

Note 24 : Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Cost of Materials consumed for manufactured products	161,421.76	171,517.45

Note 24A : Purchase of Stock-in-trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Purchase of Stock-in-trade	311.99	910.17

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

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Opening Stock		
Work-in-progress	73,029.04	60,497.04
Finished Stock	68,044.94	73,959.43
Scrap	1,687.43	1,312.71
	142,761.41	135,769.18
Closing Stock		
Work-in-progress	57,929.22	73,029.04
Finished Stock	73,769.61	68,044.94
Scrap	1,356.30	1,687.43
	133,055.13	142,761.41
(Increase) / Decrease		
Work-in-progress	15,099.82	(12,532.00)
Finished Stock	(5,724.67)	5,914.49
Scrap	331.13	(374.72)
Total	9,706.28	(6,992.23)

Note 26 : Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Salaries, Wages & Bonus	54,025.79	52,042.67
Leave Salary	4,385.42	4,770.69
Contribution to:		
- Gratuity Fund	1,276.30	4,791.60
- Provident Fund and Other Funds	5,599.25	5,262.03
Staff welfare expenses	6,816.04	7,544.57
- Less receipts	427.15	471.66
Net staff welfare expenses	6,388.89	7,072.91
Total	71,675.65	73,939.90

**A. Accounting Standard 15 (Employee Benefits)****a. Leave Salary**

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

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Mortality Table (IALM)	2006-08	1994-96
	(Ultimate)	(Ultimate)
Discount rate	9.10%	8.10%
Rate of escalation salary	5.00%	5.00%

b. Post Retirement Contributory Medical Scheme

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

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Expected proportion of the existing employees who will opt for the scheme at the time of retirement	35.00%	35.00%
Discount rate	9.10%	8.10%
Long term Medical inflation	1.59%	3.80%

c. Interest Rate Guarantee on Provident Fund

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

Actuarial Assumptions	Current Year	Previous Year
	(Funded)	(Funded)
Discount rate	8.79%	8.10%
Rate of escalation salary	5.00%	5.00%
Interest Rate Guarantee on Provident Fund	8.75%	8.50%

d. Gratuity

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

(` in Lakhs)

Changes in the Present value of obligation	Current Year	Previous Year
Present value of obligation at 01.04.2013	35,826.68	33,661.88
Interest Cost	2,733.09	2,683.11
Current Service Cost	1,098.03	1,085.72
Benefits Paid	(4,169.54)	(4,925.82)
Actuarial (gain)/loss on obligations	(8.30)	3,321.79
Present value of obligation at 31.03.2014	35,479.96	35,826.68
Changes in the Fair value of Plan assets		
Fair value of plan assets at 01.04.2013	27,034.01	25,660.81
Expected return on plan assets	2,787.83	2,267.81
Contributions	8,792.67	4,000.00
Benefits paid	(4,169.54)	(4,925.82)
Actuarial gain/(loss) on plan assets	(241.31)	31.21
Fair value of plan assets at 31.03.2014	34,203.66	27,034.01
Reconciliation of obligations and fair value of plan assets		
Present value of obligation at 31.03.2014	35,479.96	35,826.68
Fair value of plan assets at 31.03.2014	34,203.66	27,034.01
Funded Status	1,276.30	8,792.67
Liability Existing	-	4,001.07
Liability recognized during the year	1,276.30	4,791.60
Expenses recognized during the year		
Current Service Cost	1,098.03	1,085.72
Interest Cost	2,733.09	2,683.11
Expected return on plan assets	2,787.83	2,267.81
Actuarial (gain)/loss on obligation	(8.30)	3,321.79
Actuarial gain/(loss) on plan assets	(241.31)	31.21
Net Cost	1,276.30	4,791.60
Investment Details	%	%
GOI Bonds	0	1
Others	1	2
Investment with LIC	99	97
Actuarial Assumptions		
Gratuity	(Funded)	(Funded)
Mortality Table (IAL)	2006-08	1994-96
	(Ultimate)	(Ultimate)
Discount rate	9.10%	8.10%
Rate of return on plan assets	9.00%	9.50%
Rate of escalation salary	5.00%	5.00%



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

Note 27 : Finance Costs

(` in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Interest expense		
On Cash Credit & Short term Loans	6,245.28	8,209.13
On Long Term Loans	1,138.17	1,319.05
On Non-convertible Debentures	2,122.11	2,130.02
On Inter Corporate Loans	1,300.43	1,489.85
Others	239.75	951.29
Total	11,045.74	14,099.34

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the Year is ` 685.87 Lakhs (Previous Year - ` 346.87 Lakhs). Out of this a sum of ` 35.75 Lakhs (Previous Year - ` Nil) related to previous Year.

Note 28 : Other Expenses

(` in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Consumption of stores and spare parts	1,030.64	898.82
Consumable Tools	393.02	809.58
Power and fuel	3,575.85	3,353.98
Rent	337.33	286.58
Hire Charges	538.84	556.63
Repairs & Maintenance		
Machinery & Equipment	556.34	349.31
Buildings	317.66	377.54
Others	966.61	732.67
Amortisation of Special Tools	121.73	260.70
Stationary	140.08	165.51
Insurance	342.56	342.93
Rates & Taxes	450.79	659.58
Bank Charges	1,613.41	2,057.32
Postage, Telephones and Courier etc.	340.64	370.70

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Commission on sales	114.22	1,025.65
Remuneration to Auditors (refer note 'b' below)	31.71	31.96
Legal & Professional Charges	151.67	157.52
Travelling Expenses	1,129.53	1,298.47
Publicity & Public Relations	221.55	285.49
Loss on Sale of Fixed Asset	1.91	1.54
Obsolescence	1,154.77	609.87
Bad Debts Written off	158.73	77.35
Defects & Spoilages	66.16	423.20
Works Contract Expenses	3,626.29	3,306.77
Expenses on Maintenance Contract	3,431.59	2,974.95
Sundry Direct Charges	2,928.07	2,472.31
Excise duty on increase / (decrease) in Stock	(1,032.52)	506.42
Provision for Doubtful Debts & Advances	1,433.88	9,321.45
Provision for diminution in value of Current Investment	26.64	29.85
Warranty & Unexpired Obligations	1,971.76	2,011.23
Liquidated damages on sales	366.89	719.55
Miscellaneous expenses [refer Note 28(a)]	10,211.24	9,693.44
Total	36,719.59	46,168.87

a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹ 226.74 Lakhs. (Previous Year - ₹ 384.82 Lakhs).

b. Break up of Remuneration to Auditors :

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
(a) As Auditor	9.30	8.50
(b) Half yearly Audit fee	4.00	3.60
(c) for taxation matter	2.70	2.40
(d) Other Services - Certification Fees	7.51	7.55
(e) Reimbursement of Expenses	8.20	9.91
Total	31.71	31.96



Note 29 : Exceptional Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Income		
Warranty provision written back	1,211.69	-
Liability Written back	376.94	1,011.90
	<u>1,588.63</u>	<u>1,011.90</u>
Expenditure	-	-
Net Income / (Expenditure)	<u>1,588.63</u>	<u>1,011.90</u>

The company was providing warranty based on technical estimate as per Accounting Policy no. 10. Actual expenditure towards warranty was significantly lower than the provision. The technical parameters / estimates were reviewed and excess provision amounting to ₹1211.69 Lakhs has been written back during the year.

Note 30 : Prior Period Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Income		
MSME Interest write back	674.70	-
Others	129.83	1.50
	<u>804.53</u>	<u>1.50</u>
Expenditure		
Material Consumption	2,648.72	293.05
Advance written back	-	(503.02)
Others	89.75	38.85
	<u>2,738.47</u>	<u>(171.12)</u>
Net income / (Expenditure)	<u>(1,933.94)</u>	<u>172.62</u>

MSME interest provision during 2012-13 was made based on classification of vendors without proper documents as required under MSME Development Act. The company has identified MSME vendors during 2013-14 strictly based on the documents furnished by the vendors including Entrepreneurs Memorandum (EM) Number as allotted by the District Industries Centre or competent authority as notified by the respective State Govt / UT administration. This has resulted in excess provision ₹674.70 Lakhs made towards MSME for the year 2012-13 after retaining the provision ₹117.90 Lakhs made for 2012-13 against vendors identified as Micro and Small for the year 2013-14. Accordingly, the excess provision of ₹674.70 Lakhs in respect of 2012-13 has been written back during the year 2013-14.

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

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	467.80	(7,987.15)
Average Number of Shares	41,644,500	41,644,500
Earnings Per Share (Basic and Diluted) – Face Value ₹ 10/- Per Share (Amount in ₹)	1.12	(19.18)

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

C. Accounting Standard 18 (Related Party Transactions)**i. Name of the Subsidiary Company M/s. Vignyan Industries Limited, (VIL) Tarikere****Details of Transactions**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Sales	925.43	930.10
Purchases	3,858.02	2,856.64
Dividends Received	-	-
Corporate Guarantee given to Bankers	-	-
Amount payable towards supplies as on 31st March	0.26	-
Amount recoverable as on 31st March	763.19	1,349.65
Equity Investment held as on 31st March (at cost)	252.60	252.60
Salaries charged to VIL for BEML personnel deputed there.	58.57	77.30

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

(₹ in Lakhs)

Particulars	2013-14	2012-13
Equity Investment held as on 31st March (at cost)	5.00	5.00
Advances recoverable as on 31st March	600.93	599.56

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

(₹ in Lakhs)

Particulars	2013-14	2012-13
Investment in Quotas held as on 31st March (at cost)	185.55	185.55

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

(₹ in Lakhs)

Particulars	2013-14	2012-13
Sales	-	-
Purchases	-	-
Advances recoverable as on 31st March	130.01	127.15
Corporate Guarantee given to Bankers as on 31st March (refer Note 12(b))	1,912.50	1,912.50
Amount payable towards supplies as on 31st March	230.00	230.00
Equity Investment held as on 31st March (at cost)	542.25	542.25

v. Remuneration to Key Management Personnel

Name	(` in Lakhs)	Designation
Shri P. Dwarakanath		
2013-14	34.53	Chairman and Managing Director
2012-13	30.31	
Shri C.N. Durgesh		
2013-14	25.93	Director (Mining & Construction)
2012-13	25.67	
Shri P.R. Naik		
2013-14	29.95	Director (Defence)
2012-13	27.33	
Shri D.K. Hota		
2013-14*	22.00	Director (HR)
2012-13	-	
Shri Pradeep Swaminathan		
2013-14*	16.77	Director (Finance)
2012-13	-	
Shri VRS Natarajan		
2013-14	-	Chairman and Managing Director
2012-13*	18.78	
Dr. M. Nellaiappan		
2013-14*	18.23	Director (HR)
2012-13	28.04	
Shri M. Pitchiah		
2013-14*	16.74	Director (Finance)
2012-13	31.09	

* For part of the year.

D. Contingent liabilities & Commitments

I. Contingent liabilities

- a. Claims against the Company not acknowledged as debts
 - i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) - ` 40217.09 Lakhs (Previous Year - ` 5452.75 Lakhs).
 - ii Other claims - legal cases etc. ` 47077.13 Lakhs (Previous Year - ` 5116.17 Lakhs).
(This include a claim amounting to ` 35527.00 Lakhs against which the company has lodged a counter claim of ` 52365.00 Lakhs).
- b. Guarantees

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



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

II. Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for ` 1977.52 Lakhs (Previous Year - ` 2414.20 Lakhs)
- Uncalled liability on shares and other investments partly paid - ` Nil (Previous Year - ` Nil).
- Other commitments (specify nature) - ` Nil (Previous Year - ` Nil).

Notes

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

E. Aggregate amount of Research & Development Expenses:

(` in Lakhs)

Particulars	2013-14	2012-13
Revenue Expenditure*	8,622.39	8,700.06
Capital Expenditure**	0.96	735.90

* 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 2014	For the Year ended 31st March 2013
Material Cost	116.56	204.60
Employee Remuneration	3,410.95	3,473.37
Depreciation	997.72	893.01
Power and Fuel	25.74	25.61
Repairs and Maintenance	37.60	24.95
Consumable Tools	6.12	60.46
Travelling	81.77	80.65
Other Expenses	803.40	971.93
Payment to Technology Providers	656.29	278.70
Prototype held in WIP	1,132.31	-
Prototype held in FGI	316.26	809.00
Cost of Sales of Prototype sold	2,035.39	2,770.79
Total R&D Revenue Expenditure	9,620.11	9,593.07
Less: Depreciation	997.72	893.01
Net R & D Expenditure	8,622.39	8,700.06
Sale value of prototype sold - included in net Sales	3,323.87	2,914.16

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2014 is as below.

b. Research & Development Capital Expenditure

(` in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions During the Year	Deduction / Re- classification & Adjustments During the Year	As at 31.03.2014	As at 01.04.2013	For the Year	Deduction / Re- classification & Adjustments During the Year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Lease Hold	-	-	-	-	-	-	-	-	-	-
Roads & Drains	51.39	-	-	51.39	29.66	0.84	-	30.50	20.89	21.73
Water Supply Installations	12.60	-	-	12.60	12.43	0.04	-	12.47	0.13	0.17
Buildings	508.92	-	-	508.92	354.35	11.71	-	366.06	142.86	154.57
Plant, Machinery and Equipment	5,074.33	0.96	(326.34)	4,748.95	4,234.75	218.61	(354.45)	4,098.91	650.04	839.58
Electrical Installation	166.47	-	1.94	168.41	155.43	3.98	(0.08)	159.33	9.08	11.04
Furniture & Fixtures	244.70	-	14.48	259.18	198.10	5.67	(2.50)	201.27	57.91	46.60
Transport Vehicles	56.23	-	18.25	74.48	31.27	4.37	7.20	42.84	31.64	24.96
Intangible Assets										
Software	1,189.48	-	-	1,189.48	527.44	262.99	-	790.43	399.05	662.04
Technical Knowhow	2,937.02	-	-	2,937.02	840.65	489.51	-	1,330.16	1,606.86	2,096.37
Total Tangible & Intangible Assets	10,244.43	0.96	(291.67)	9,953.72	6,384.08	997.72	(349.83)	7,031.97	2,921.75	3,860.35
Previous Year	9,028.00	735.90	480.53	10,244.43	5,031.03	893.01	460.04	6,384.08	3,860.35	3,996.97

F. Accounting Standard 17 (Segment Reporting)

a. Primary Reporting - Business Segment

(` in Lakhs)

PARTICULARS	Railway		Defence		Mining & Construction		Others		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue*										
External Revenue	131,418.79	105,227.84	14,341.61	34,448.87	14,4607.84	138,364.79	783.16	2,849.51	291,151.40	280,891.01
Results :										
Segment Results	4,698.24	6,270.21	(10,368.52)	(551.66)	20,351.53	(1,216.87)	(64.36)	(2,865.33)	14,616.89	1,636.35
Unallocated Corporate Expenses									4,372.08	5,006.92
Operating Profit									10,244.81	(3,370.57)
Finance costs									11,045.74	14,099.34
Interest Income									2,054.46	4,051.85
Exceptional Items									1,588.63	1,011.90
Income Taxes									440.42	(4,246.39)
Prior Period Adjustments									(1,933.94)	172.62
Net Profit									467.80	(7,987.15)

*The company does not have any inter segment sales.

Revenue under Railway customer does not include ` 14202.78 Lakhs (Previous Year - ` 29090.42 Lakhs) billed on behalf of the consortium by the company.

b. Segmental Capital Employed:

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



c. Secondary Reporting

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

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

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

I. Disclosures as required by clause 32 of the Listing Agreement

In compliance of amended clause 32 of the Listing Agreement with Stock Exchanges, the required information is given as under:

(` in Lakhs)

Particulars	Amount as on		Maximum amount outstanding during the year ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
i. Loans and Advances in the nature of loans:				
A. To Subsidiary Companies	-	-	-	-
B. To Associates / Joint Venture	-	-	-	-
C. To Firms / Companies in which directors are interested	-	-	-	-
D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 372A of Companies Act	-	-	-	-
ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries	-	-	-	-

J. The financial statements for the year approved by the Board of Directors and certified by the Statutory Auditors on 28.05.2014 were revised pursuant to C&AG's observations under section 619(4) of the Companies Act, 1956 by amending Note No. 22(ii). This amendment has no impact on the reported figures in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of BEML Limited

Report on the Financial Statements

We have audited the accompanying financial statements of BEML Limited ('the company'), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true



and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

Emphasis of Matter:

We draw attention to:

1. Note no.18(i) in respect of trade receivables from Railway Board for Rs.499.60 lakhs, Note no.18 (iii) and Note No.18(iv) in respect of trade receivables from Ministry of Defence for Rs. 925.87 lakhs and Rs.4139.92 lakhs, respectively and Note No.21(i)(a) in respect of claims receivable for Rs. 3181.51 lakhs relating to additional material consumed for rail coaches. The realization of these receivables and the claim depend on the final determination of the amount payable by the customers.
2. Note No.22(ii) in respect of accounting of revenue including excise duty for an amount of Rs. 7244.49 lakhs in respect of FOR destination contracts in accordance with Accounting Standard 9 – Revenue Recognition on the basis of custodian certificates accepting billing and title to the goods.
3. Note No. 14(a) in respect of the amount advanced to MAMC consortium for Rs.5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.
4. Note No. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables, trade receivables, other loans and advances and deposits.

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

Other Matters

1. We have issued an Audit Report dated 28th May, 2014 (“the original report”), at Bangalore on the financial statements as adopted by Board of Directors on even date. Pursuant to the observation of Comptroller and Audit General of India under Section 619(4) of the Act, the Company has amended Note No.22(ii). This amendment has no impact on the reported figures in the financial statements of the Company, as disclosed in Note No.31J. This Audit Report supersedes the original report, which has been suitably revised to consider the amendment made to the said Note no 22(ii).

2. Our audit procedure on events subsequent to the date of the original report is restricted solely to the amendment to Note No. 22(ii) of the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from offices not visited by us;
 - c. The Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. Being a government company, the provisions of section 274(1)(g) of the Act, relating to disqualification of directors are not applicable to the company in terms of Notification no: GSR 829(E) dated 21st October 2003.

For **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

Firm Registration Number: 002510S

(G VIVEKANANTHAN)

PARTNER

Membership No.28339

Bangalore.

30 June 2014



Re: BEML Limited -Year ended 31st March 2014

ANNEXURE TO AUDITORS' REPORT

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

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

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

(c) The disposals of fixed assets during the year were not substantial so as to affect the going concern status of the company.
2. (a) The company has conducted physical verification of inventories excluding materials lying with third parties and work in progress during the year in accordance with the program designed to cover all items over a phased manner. According to the information and explanations given to us and in our opinion the frequency of verification is reasonable.

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

(c) The company is maintaining proper records of inventories. The discrepancies noticed on verification, between the physical stocks and its book records were not material.
3. The company has not granted or taken any secured or unsecured loans to or from companies, firms or such parties covered in the register maintained under Section 301 of the Companies Act 1956. Consequently clauses iii(a) to iii(g) of paragraph 4 of the Order are not applicable to the company.
4. In our opinion and according to the information and explanations furnished to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. According to the information and explanations given to us and in our opinion, there are no contracts or arrangement by the company with any party referred to in Sec 301 of the Companies Act 1956, which are to be entered in the register required to be maintained under that section and hence the requirement of reporting on the reasonability of such transactions having regard to the prevailing market prices made in pursuance of such contracts does not arise.
6. According to the information and explanations given to us and in our opinion the company has not accepted any deposit from the public within the meaning of provisions of Sec 58A, 58AA and any

other relevant provisions of the Act and the rules framed there under. Therefore, the provisions of clause (vi) of the paragraph 4 of the Order are not applicable to the company.

7. In our opinion, the company has an internal audit system, **the scope and coverage of which requires to be enlarged, to be commensurate with the size of the company and the nature of its business.**
8. We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government under section 209(1)(d) of the Act for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed records have been made and maintained. We are not required to and, accordingly have not made a detailed examination of cost records.
9. (a) The company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, auto cess and other material statutory dues with appropriate authorities. According to the information and explanations given to us and in our opinion no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were at arrears as at 31st March 2014 for a period of more than six months from the date they became payable.

Sl.No	Name of the Statute	Nature of Disputed Tax	Amount (in lakhs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Excise duty including Interest and Penalty	28621.68	From 2003-04 to 2007-08	CESTAT, Bangalore
2		Excise duty including Interest and Penalty	883.84	From 2005-06 to 2010-11	Appellate Authority
3		Service Tax including Penalty	702.39	2004-05, 2006-07 & 2010-11	CESTAT, Bangalore
4		Service Tax	494.07	From 2006-07 to 2010-11	Appellate Authority
5		National calamity Contingency duty	5285.32	From 2006-07 to 2011-12	CESTAT, Bangalore
6	The Customs Act, 1962	Custom Duty	816.16	2006-07	CESTAT, Chennai
7	Sales Tax Act of various States	Sales Tax/ VAT	9.79	2003-04	Maharashtra Sales tax tribunal
8		Sales Tax/ VAT	92.59	December 2005 to March 2008	Karnataka Sales tax tribunal
9		Sales Tax/ VAT	892.69	1999-2000 & 2001-02 to 2003-04, 2005-06 to 2007-08, 2009-10	Revision & Appellate Board of various states



Sl.No	Name of the Statute	Nature of Disputed Tax	Amount (in lakhs)	Period to which the amount relates	Forum where the dispute is pending
10		Sales Tax/ VAT	1840.79	From 1983-84 to 2009-10	Other appellate authorities
11	The Karnataka Municipal Corporation Act, 1976	Property Tax	357.50	From 1995-96 to 2005-06	City Civil Judge, Bangalore
12		Property Tax - KGF	220.27	2011-12	City Municipality Council, KGF
Total			40217.09		

10. The company does not have accumulated losses at the end of the financial year. It has not incurred cash loss in the current financial year and has incurred cash loss in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us and in our opinion, the company has not defaulted in repayment of dues to banks and debenture holders.
12. According to the explanations given to us and in our opinion, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund company or a nidhi company / mutual benefit company / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the company.
15. The company has given corporate guarantee for the loan taken by M/s BEML Midwest Limited, a Joint Venture company. We are unable to comment whether the terms and conditions of this guarantee are prejudicial to the interest of the company in view of its invocation by the bank and the company's refusal to honour the guarantee on various grounds and pending litigation, including claims and counter claims.
16. According to information and explanation given to us and in our opinion, the term loan obtained during the year has been applied for the purpose for which it was obtained.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company as at 31st March 2014, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.

18. During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The company has created security for the debentures issued.
20. The company has not raised any monies by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

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

(G VIVEKANANTHAN)
 PARTNER
 Membership No.28339

Bangalore
 30 June 2014

ADDENDUM TO THE BOARD'S REPORT

Company's reply to observation of Statutory Auditors in their Audit Report

Para No.	Auditors' Observation	Company's Reply
7	In our opinion, the Company has an internal audit system, the scope and coverage of which requires to be enlarged, to be commensurate with the size of the company and the nature of its business.	Company is taking action to enlarge the scope and coverage of Internal Audit.



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF M/s. BEML LIMITED FOR THE YEAR ENDED 31st March 2014.

The preparation of financial statements of **M/s BEML LIMITED, Bangalore** for the year ended 31st March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their **Audit Report dated 28.5.2014 and their Revised Report dated 30.6.2014.**

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of **M/s. BEML Limited, Bangalore** for the year ended 31st March, 2014. 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. **In view of the revision made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Notes forming part of Accounts, vide Note No. 31J and the consequent revision in the Independent Auditors' Report item No.2 (Emphasis of Matter),** I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under section 619(4) of the Companies Act, 1956.

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

(V.K.GIRIJAVALLABHAN, IA&AS)
Pr. Director of Commercial Audit
& Ex-officio Member, Audit Board, Bangalore.

Bangalore
Dated: 1 July, 2014

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

2. Use of Estimates

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

3. Fixed Asset

A. Capitalisation

- (a) The Fixed Assets are stated at cost.
- (b) The cost of the Fixed Asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

- (c) Expenditure on land development is capitalised.
- (d) Expenditure on reconditioning, rebuilding and major overhaul of an asset are capitalized if technical assessment indicates increase in future benefits from the existing assets beyond its previously assessed standards of performance (increase in capacity or life or efficiency or productivity).
- (e) Jigs and fixtures of unit value of ` 5 lakhs and above are capitalized and those with unit value below ` 5 lakhs are charged off in the year of incurrence.

B. Depreciation

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



C. Borrowing Cost

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

D. Impairment of Assets

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

4. Intangible Assets

(a) Software

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

(b) Technical Know-how

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

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

5. Inventory Valuation

- (i) Raw materials, Components, Stores and Spare parts are valued at lower of

Weighted Average Cost and estimated net realizable value.

- (ii) Work-in-progress is valued at lower of cost of materials, labour & production overheads based on normative capacity and estimated net realizable value.
- (iii) Finished stock is valued at lower of cost and estimated net realizable value.
- (iv) Estimated costs are considered wherever actual costs are not available.
- (v) The cost is adjusted for decline in value by writing down the value based on specific identification. Necessary provision is made for non-moving items.
- (vi) Based on technical assessment, provision is made for revalidation / refurbishment of finished goods.
- (vii) Scrap is valued at estimated net realizable value.

6. Advances from customers

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

7. Sales / Other Income

- (i) Sales for products viz., equipments, aggregates, attachments, spares and ancillary products is recognised when risks and rewards of ownership pass on to the customer as per contractual terms.
- (ii) In the case of contracts for supply of complex equipments / systems where

the normal cycle time of completion and delivery period is more than 12 months and the value of the equipment / system is more than ₹25 crores, revenue is recognised on the 'percentage completion method'. Percentage completion is based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total cost of the product.

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

- (iii) Where sale prices are not established, sales are recognised provisionally at prices likely to be realised. Difference, if any, is accounted in the year of finalization of price.
- (iv) Sales include excise duty wherever applicable but exclude sales tax.
- (v) Duty drawback claims on exports are accounted on preferring the claims.
- (vi) Claims for escalation are recognised as per escalation formula provided in the contract. If the contract does not provide for escalation, claim for the same is recognized on acceptance by the customer.
- (vii) Where the contract provides for installation and commissioning and price for the same is agreed separately,

revenue for installation and commissioning is recognised on conclusion of installation and commissioning. Where installation and commissioning fee is not separately stipulated, the revenue for the product is recognised, however, estimated cost as technically assessed for such installation and commissioning to be incurred, is provided for.

8. Employee Benefits

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

9. Accounting for Foreign Currency Transactions

- (i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount, the exchange rate prevailing as on the date of transaction.
- (ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by adopting the rate of exchange prevailing



on the date of Balance Sheet.

- (iii) Exchange rate differences consequent to restatement / settlement are recognised as income / expenditure.
- (iv) In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit or loss in the reporting period in which the exchange rate changes.

10. Contractual Obligations

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

11. Research & Development

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

12. Prior Period Items

Prior period adjustments are those adjustments, which are over ₹ 1 lakh in each case, arising out of correction of errors and

omissions made in the past years.

13. Under / Over Absorption of Cost

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

14. Taxes on Income

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

15. Leased Assets

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

16. Investments

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

17. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when

- A present obligation arises as a result of past events.

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

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

18. Others

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

- (i) Special Tools up to the unit value of ` 5000 are charged off in the year of incurrence and those above unit value of ` 5000 are amortized over a period of three years.
- (ii) Hand tools are charged to expenses at the time of issue.
- (iii) Expenditure on Voluntary Retirement Scheme is expensed in the year of incurrence.

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

Refer our report of even date attached

For and on behalf of the Board of Directors

For **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

Firm Registration Number: 002510S

G.VIVEKANANTHAN

Partner

Membership No.:28339

PRADEEP SWAMINATHAN

Director (Finance)

DIN:06565229

P. DWARAKANATH

Chairman & Managing Director

DIN:02107805

Bangalore

30.06.2014

M E V SELVAMM

Company Secretary

**CONSOLIDATED BALANCE SHEET**

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	4,177.22	4,177.22
(b) Reserves and surplus	2	203,925.29	203,803.76
Sub-total		208,102.51	207,980.98
(2) Share application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	46,520.11	49,811.05
(b) Other Long term liabilities	4	37,939.83	40,603.50
(c) Long-term provisions	5	13,587.26	14,916.67
Sub-total		98,047.20	105,331.22
(4) Current liabilities			
(a) Short-term borrowings	6	44,130.28	71,772.64
(b) Trade payables	7	38,872.45	49,260.20
(c) Other current liabilities	8	75,979.61	68,168.09
(d) Short-term provisions	9	11,823.17	19,668.09
Sub-total		170,805.51	208,869.02
(5) Minority Interest		18.25	21.58
Total		476,973.47	522,202.80
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	49,227.05	51,782.23
(ii) Intangible assets	10	2,094.25	2,820.50
(iii) Capital work-in-progress	11	13,533.63	11,322.87
(iv) Intangible assets under development	11A	3,753.73	2,855.77
(b) Non-current investments	12	0.04	0.04
(c) Deferred tax assets (net)	13	9,919.82	10,390.36
Sub-total		78,528.52	79,171.77
(d) Long-term loans and advances	14	29,339.21	27,783.38
(e) Other non-current assets	15	428.03	245.83
Sub-total		29,767.24	28,119.21
(2) Current assets			
(a) Current Investments	16	-	-
(b) Inventories	17	216,079.74	246,810.34
(c) Trade receivables	18	97,736.19	86,151.59
(d) Cash and cash equivalents	19	1,754.17	7,849.51
(e) Short-term loans and advances	20	22,699.67	30,681.50
(f) Other current assets	21	30,407.94	43,418.88
Sub-total		368,677.71	414,911.82
Total		476,973.47	522,202.80

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

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

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339

PRADEEP SWAMINATHAN
Director (Finance)

P DWARAKANATH
Chairman & Managing Director

Bangalore
30.06.2014

M E V SELVAMM
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Revenues:			
Revenue including Excise Duty	22	311,135.63	299,026.20
Less: Excise Duty [Refer Note 22(iii)]		20,768.64	18,901.22
Revenue from operations		290,366.99	280,124.98
Other income	23	6,369.65	10,431.22
Total Revenue		296,736.64	290,556.20
Expenses:			
Cost of materials consumed	24	158,755.92	169,702.08
Purchase of Stock-in-trade	24A	311.99	910.17
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade	25	10,308.29	(6,812.48)
Employee benefits expense	26	72,267.10	74,522.68
Finance costs	27	11,068.05	14,145.48
Depreciation and amortization expense	10	5,432.41	5,102.12
Other expenses	28	37,252.39	46,666.44
Minority Interest		(3.33)	(9.31)
Total Expenses		295,392.82	304,227.18
Profit / (Loss) before exceptional, extraordinary and prior period items and tax		1,343.82	(13,670.98)
Add / (Less) : Exceptional items	29	1,588.63	1,011.90
Profit / (Loss) before Prior Period Adjustment		2,932.45	(12,659.08)
Add / (Less) Prior Period Adjustment	30	(1,929.84)	126.43
Profit / (Loss) before tax		1,002.61	(12,532.65)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		470.54	(4,203.69)
(3) Excess Provision of previous years written back		(78.09)	-
Profit / (Loss) for the period	31(A)	610.16	(8,328.96)
Earnings per equity share: (₹10/- each) in ₹			
Basic and diluted	31(A)	1.47	(20.00)

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

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

For and on behalf of the Board of Directors

G.VIVEKANANTHAN
Partner
Membership No.:28339
Bangalore
30.06.2014

PRADEEP SWAMINATHAN **P. DWARAKANATH**
Director (Finance) Chairman & Managing Director
M E V SELVAMM
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014		For the Year ended 31st March 2013	
	Sub items	Main items	Sub items	Main items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		1,002.61		(12,532.65)
<i>Adjustments for</i>				
Depreciation	5,432.41		5,102.12	
Amortisation	121.73		260.70	
(Gain) / loss on disposal of fixed assets	(4.16)		(8.62)	
Foreign exchange loss / (gain)	315.25		(276.68)	
Provision for Obsolescence	1,154.77		609.87	
Bad debts written off	158.73		77.35	
Financing Cost	11,068.05		14,145.48	
Interest income	(2,065.47)		(4,068.14)	
Minority Interest	(3.33)		(9.31)	
Other Provisions	(3,106.92)		13,210.76	
		13,071.06		29,043.53
Operating Profit / (Loss) before changes in working capital		14,073.67		16,510.88
<i>Adjustments for</i>				
Inventories	24,557.30		(3,529.67)	
Trade & other receivables	15,912.11		(17,496.40)	
Other current assets	(6,671.18)		(7,864.79)	
Trade payables	(10,463.93)		(846.19)	
Other payables	4,588.24		2,754.97	
		27,922.54		(26,982.08)
Cash generated from operations		41,996.21		(10,471.20)
Direct taxes paid/refunded		(2,644.32)		(3,149.23)
Net cash flow from/used in operating activities		39,351.89		(13,620.43)
B. Cash flow from investing activities				
Purchase of Fixed Assets	(4,277.60)		(13,370.17)	
Purchase of intangible fixed assets	(949.41)		(3,600.97)	
Sale of tangible fixed assets	(28.54)		8.62	
Investments in subsidiaries	-		-	
Interest Received	2,468.11		3,791.80	
Net cash flow from/used in investing activities		(2,787.44)		(13,170.72)
C. Cash flow from financing activities				
Proceeds/(Repayments) from/to ECB & long-term borrowings	(3,394.95)		(438.46)	
Proceeds/(Repayments) from/to Bonds	-		30,000.00	
Proceeds/(Repayments) from/to Unsecured loans	-		(5,163.00)	
Proceeds/(Repayments) of Inter corporate loans	(1,565.60)		(1,565.60)	
Proceeds/(Repayments) of Soft loan	2,087.00		-	
Proceeds/(Repayments) of short-term borrowings	(27,642.36)		7,223.94	
Financing Cost	(10,925.83)		(12,429.62)	
Dividend & Tax paid for equity shares	(1,218.05)		(2,420.02)	
Net cash flow from/used in financing activities		(42,659.79)		15,207.24
Net increase/(decrease) in cash and cash equivalents		(6,095.34)		(11,583.91)
Cash and Cash Equivalents, Beginning of the year		7,849.51		19,433.42
Cash and Cash Equivalents, Ending of the year		1,754.17		7,849.51

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

For and on behalf of the Board of Directors

G.VIVEKANANTHAN

Partner

Membership No.:28339

Bangalore
30.06.2014

PRADEEP SWAMINATHAN

Director (Finance)

P. DWARAKANATH

Chairman & Managing Director

M E V SELVAMM

Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT
Basis of Preparation of Financial Statements

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

Note 1 : Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Number	Amount	Number	Amount
Authorised :				
Equity Shares of ₹ 10 each	100,000,000	10,000.00	100,000,000	10,000.00
Issued :				
Equity Shares of ₹ 10 each	41,900,000	4,190.00	41,900,000	4,190.00
Subscribed :				
Equity Shares of ₹ 10 each	41,644,500	4,164.45	41,644,500	4,164.45
Paid-up :				
Equity Shares of ₹ 10 each, fully paid-up	41,644,500	4,164.45	41,644,500	4,164.45
Forfeited Shares (amount originally paid) :				
Equity Shares of ₹ 5 each	255,500	12.77	255,500	12.77
Total		4,177.22		4,177.22

Rights and restrictions attached to equity shares

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

Disclosure requirements for 5 years	Number of Shares				
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
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 2014		As at 31st March 2013	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding as at Opening Date	41,644,500	4,164.45	41,644,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	41,644,500	4,164.45	41,644,500	4,164.45

Equity Shares held by shareholders having 5% or more	As at 31st March 2014		As at 31st March 2013	
Name of the shareholder	No. of Shares	% held	No. of Shares	% held
President of India	22,500,000	54.03	22,500,000	54.03
Reliance capital Trustee Co. Ltd.	2,967,999	7.13	3,638,881	8.74
LIC of India	2,777,566	6.67	2,777,566	6.67

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

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

Note 2 : Reserves & Surplus

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Capital Reserve		
Opening Balance	105.82	105.82
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	105.82	105.82
Nonimara Excellence Award Reserve		
Opening Balance	1.44	1.44
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	1.44	1.44

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Capital Reserve on Consolidation		
Opening Balance	26.60	26.60
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	26.60	26.60
Securities Premium Reserve		
Opening Balance	61,204.09	61,204.09
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	61,204.09	61,204.09
Capital Redemption Reserve		
Opening Balance	10.00	10.00
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	10.00	10.00
Debenture Redemption Reserve		
Opening Balance	-	-
Additions during the year	467.80	-
Deductions during the year	-	-
Closing Balance	467.80	-
General Reserve		
Opening Balance	118,997.02	115,365.18
Additions during the year	-	3,631.84
Deductions during the year	-	-
Closing Balance	118,997.02	118,997.02
Foreign Currency Translation Account		
Opening Balance	20.50	27.12
Additions during the year	(1.41)	(6.62)
Deductions during the year	-	-
Closing Balance	19.09	20.50
Balance in the Statement of Profit and Loss		
Opening Balance	23,438.29	36,617.14
Additions during the year	610.16	(8,328.96)
Less: Appropriations		
- Transfer to Debenture Redemption Reserve	467.80	-
- Proposed dividend	416.45	1,041.11
- Tax on Dividend	70.77	176.94
- Transfer to General reserve	-	3,631.84
Closing Balance	23,093.43	23,438.29
Total	203,925.29	203,803.76


Note 3 : Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Non-Current	Current	Non-Current	Current
Term Loans				
Secured from Banks				
i. From State Bank of Travancore, Secured on first charge by way of hypothecation of all movable including machinery, spares, tools, accessories present and future (except receivables and current assets) and equitable mortgage of immovable property at Palakkad Complex.	1,722.48	494.25	2,467.42	494.26
Rate of interest 10.50%				
ii. From Standard Chartered Bank, secured by exclusive first charge on 61 Acres and 37 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.14%	5,300.00	2,650.00	7,950.00	2,650.00
iii. Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of interest 9.24%	30,000.00	-	30,000.00	-
Unsecured From Other Parties				
i. Inter corporate loans against company's corporate guarantee	7,828.03	1,565.60	9,393.63	1,565.60
ii. Soft Loan - Interest Free Loan from Govt of Kerala	1,669.60	417.40	-	-
Total	46,520.11	5,127.25	49,811.05	4,709.86

Maturity Profile of Term Loans From Banks :

(₹ in Lakhs)

Name of the Bank	Maturity Profile					
	Interest Rate	2014-15	2015-16	2016-17	2017-18	2018-19
State Bank of Travancore	10.50%	494.25	494.25	494.25	494.25	239.73
Standard Chartered Bank	9.14%	2650.00	2650.00	2650.00	-	-

Maturity Profile of Secured Redeemable Non-convertible Debentures :

(₹ in Lakhs)

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

Maturity Profile of Unsecured Inter Corporate Loan :

(₹ in Lakhs)

Rate of Interest	Interest Rate	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bank Rate plus 3.50%, Currently 12.50%	12.50%	1565.61	1565.60	1565.61	1565.60	1565.61	1565.60

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

(₹ in Lakhs)

Rate of Interest	Interest Rate	2014-15	2015-16	2016-17	2017-18	2018-19
Soft Loan - Interest free Loan, Re-payable in 10 equal instalments in 5 years	0.00%	417.40	417.40	417.40	417.40	417.40

Note 4 : Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Advance received	37,910.49	40,113.93
Deposits & EMD received	29.34	31.66
Others	-	457.91
Total	37,939.83	40,603.50

Note 5 : Long-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Provision for employee benefits		
for Leave Salary	11,611.78	11,636.09
for Post retirement contributory medical scheme	1,825.48	2,855.58
Provision-others		
for warranty	150.00	425.00
Total	13,587.26	14,916.67



Note 6 : Short-Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Repayable on demand from banks		
Secured		
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of inventories, Bills receivable, Book Debts and all other movables both present and future)	44,130.28	71,772.64
Unsecured	-	-
Total	<u>44,130.28</u>	<u>71,772.64</u>

Note 7 : Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Micro, Small & Medium Enterprises	2,562.11	3,491.78
Others	36,310.34	45,768.42
Total	<u>38,872.45</u>	<u>49,260.20</u>

Micro, Small and Medium Enterprises

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

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Amount due and Payable at the year end		
- Principal	1,142.95	2,245.35
- Interest on above Principal	43.69	239.45
Payments made during the year after the due date		
- Principal	3,418.73	8,800.69
- Interest	-	-
Interest due and payable for principals already paid	157.16	553.15
Total Interest accrued and remained unpaid at year end	200.85	792.60

Note 8 : Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Current maturities of long term debt (Refer Note No. 3)	5,127.25	4,709.86
Interest accrued but not due on Borrowings	1,172.95	1,222.05
Interest accrued and due on Borrowings	5.22	14.75
Unclaimed dividends	54.07	63.72
Other payables		
a. Staff related dues	4,470.66	4,838.28
b. Statutory dues	2,746.62	7,994.53
c. Deposits & EMD received	639.09	805.13
d. ED provision on FGI/Others	10,147.84	12,433.57
e. Other dues	7,681.56	9,675.47
f. Advances and Deposits	43,934.35	26,410.73
Total	75,979.61	68,168.09

Note 9 : Short-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Provision for employee benefits		
for Gratuity	1,393.68	8,875.35
for Leave Salary	1,603.83	964.70
for Performance Related Pay	502.00	966.99
for Post retirement contributory medical scheme	317.19	344.56
Provision-others		
Proposed dividend	416.45	1,041.11
Tax on dividend	70.77	176.94
Income Tax	68.33	68.33
for pending Legal cases	238.66	477.56
for warranty	5,024.17	5,527.46
for unexpired obligations	2,188.09	1,225.09
Total	11,823.17	19,668.09


Movement in Provisions (Short term and Long term)

(₹ in Lakhs)

Particulars	As at 01.04.2013	Additions	Utilization	Reversal	As at 31.03.2014	
					Long-term	Short-term
Gratuity	8,875.35	1,323.81	8,805.48	-	-	1,393.68
Leave Salary	12,600.79	4,393.04	3,778.22	-	11,611.78	1,603.83
Post retirement contributory medical scheme	3,200.14	-	111.16	946.31	1,825.48	317.19
Performance Related Pay	966.99	-	-	464.99	-	502.00
Pending legal cases	477.56	51.37	199.32	90.95	-	238.66
Warranty	5,952.46	4,784.34	4,225.98	1,336.65	150.00	5,024.17
Unexpired Obligation	1,225.09	1,632.03	-	669.03	-	2,188.09
Total	33,298.38	12,184.59	17,120.16	3,507.93	13,587.26	11,267.62

Note 10 : Consolidated Fixed Assets

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions During the Year	Deduction / Re- classification & Adjustments During the Year	As at 31.03.2014	As at 01.04.2013	For the Year	Deduction / Re- classification & Adjustments During the Year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land										
Free Hold	1,396.44	247.90	4.00	1,648.34	-	-	-	-	1,648.34	1,396.44
Lease Hold	8,255.94	273.56	-	8,529.50	129.33	27.47	(0.01)	156.79	8,372.71	8,126.61
Roads & Drains	2,619.15	-	(0.01)	2,619.14	566.58	41.50	(0.01)	608.07	2,011.07	2,052.57
Water Supply Installations	719.78	-	(0.14)	719.64	378.39	30.32	(0.12)	408.59	311.05	341.39
Buildings	21,237.40	72.58	(4.24)	21,305.74	6,324.52	570.42	(2.60)	6,892.34	14,413.40	14,912.88
Railway sidings	929.00	0.22	-	929.22	294.89	42.75	0.01	337.65	591.57	634.11
Plant, Machinery and Equipment	71,717.45	913.60	(600.02)	72,031.03	50,300.96	3,128.20	(499.57)	52,929.59	19,101.44	21,416.49
Electrical Installation	3,781.68	45.57	(16.20)	3,811.05	2,897.48	199.16	(15.36)	3,081.28	729.77	884.20
Furniture & Fixtures	1,473.25	10.69	(1.68)	1,482.26	1,003.87	47.14	(4.61)	1,046.40	435.86	469.39
Vehicles										
Given on Lease	535.36	-	(43.69)	491.67	150.04	48.83	(15.13)	183.74	307.93	385.32
Own Use	1,715.52	316.28	251.34	2,283.14	1,041.38	179.97	94.45	1,315.80	967.34	674.14
Office Equipment	522.34	3.67	(23.12)	502.89	458.02	21.02	(23.10)	455.94	46.95	64.32
Jigs & Fixtures	1,449.58	182.77	-	1,632.35	1,025.21	317.52	-	1,342.73	289.62	424.37
Total Tangible Assets	116,352.89	2,066.84	(433.76)	117,985.97	64,570.67	4,654.30	(466.05)	68,758.92	49,227.05	51,782.23
Previous Year	111,564.08	3,866.59	922.22	116,352.89	59,790.19	4,425.44	355.03	64,570.66	51,782.23	51,773.89

(₹ in Lakhs)

Particulars	GROSS BLOCK			AMORTISATION				NET BLOCK	
	As at 01.04.2013	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2014	As at 01.04.2013	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2014	As at 31.03.2013
Intangible Assets									
Computer software	1,287.34	51.45	0.54	1,339.33	563.21	288.59	0.13	851.93	487.40
Technical Know how	2,937.03	-	-	2,937.03	840.66	489.52	-	1,330.18	1,606.85
Total Intangible Assets	4,224.37	51.45	0.54	4,276.36	1,403.87	778.11	0.13	2,182.11	2,094.25
Previous Year	3,479.17	745.20	-	4,224.37	727.19	676.68	-	1,403.87	2,820.50
Total Tangible & Intangible Assets C Y	120,577.26	2,118.29	(433.22)	122,262.33	65,974.54	5,432.41	(465.92)	70,941.03	51,321.30
Total Tangible & Intangible Assets P Y	115,043.25	4,611.79	922.22	120,577.26	60,517.38	5,102.12	355.03	65,974.53	54,602.73

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

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

B. Accounting Standard 19 (Leases)

i) Office premises taken on lease

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

ii) Cars given on Lease on non cancellable basis

I. a) Gross Carrying amount	₹ 491.67 Lakhs (Previous Year - ₹ 535.36 Lakhs)
b) Accumulated depreciation	₹ 183.74 Lakhs (Previous Year - ₹ 150.04 Lakhs)
c) Accumulated impairment losses	₹ Nil
(i) Depreciation recognized in the Statement of Profit & Loss Account	₹ 48.83 Lakhs (Previous Year - ₹ 50.98 Lakhs)
(ii) Impairment losses recognized in the Statement of Profit & Loss Account	₹ Nil (Previous Year - ₹ Nil)
(iii) Impairment losses reversed in the Statement of Profit & Loss Account	₹ Nil (Previous Year - ₹ Nil)

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

(i) Not later than one year	₹ 59.26 Lakhs (Previous Year - ₹ 68.10 Lakhs)
(ii) Later than one year but not later than five years	₹ 194.02 Lakhs (Previous Year - ₹ 209.93 Lakhs)
(iii) Later than five years	₹ 88.32 Lakhs (Previous Year - ₹ 107.29 Lakhs)
d) Total rent recognized as income in the Statement of Profit & Loss Account	₹ 47.45 Lakhs (Previous Year - ₹ 58.66 Lakhs)

C. Gross value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹471.68 Lakhs (WDV - ₹316.48 Lakhs) (Previous Year - ₹Nil).

D. Fixed Assets

- i) Buildings includes cost of building at Kolkotta ₹26.82 Lakhs (Previous Year - ₹26.82 Lakhs) on lease with an option to buy for a nominal sum of ₹0.15 Lakhs at the end of 99 years from the date of taking possession viz., February'83 / April'84.
- ii) Buildings includes cost of building at Mumbai and Ranchi pending registration / khatha transfer at ₹33.00 Lakhs (Previous Year - ₹33.00 Lakhs)
- iii) The Company has taken land measuring 1109 acres and two workshops on lease initially 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 (A Company under orders of winding up by BIFR), and a sum of ₹100 Lakhs was paid as non-refundable deposit, [included under Long Term Loans and Advances (Note 14)]. As per the terms of the Lease agreement, this deposit shall be adjusted against the outright sale / transfer of ownership that may be fixed for the property and the 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 lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Company had incurred on the above land, a sum of ₹1452.95 Lakhs (WDV ₹1191.95 Lakhs) on building [Previous Year - ₹1452.95 Lakhs (WDV ₹1239.33 Lakhs)] included in Fixed Assets (Note 10) as at year end.

During the year, 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.

- iv) 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 (Previous Year - ₹2547.21 Lakhs) 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.
- v) 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).
- vi) Free Hold Land include land at cost ₹134.27 Lakhs at Hyderabad for which registration is pending.
- vii) 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.
- viii) As per the demand of KIADB, provision of interest amounting to ₹441.64 Lakhs up to period 31st March 2014 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Additional compensation demanded by KIADB authority amounting to ₹183.57 Lakhs has been capitalised and liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB Board.

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

- Plant & Machinery	₹1.00 Lakh
- Any other asset (should be specified)	₹ Nil

Note 11 : Capital Work-in-Progress

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Building	757.72	743.68
Equipment under inspection and in transit	-	83.64
Machinery	12,002.03	9,962.67
Others	782.67	541.67
Sub-total	13,542.42	11,331.66
Less: Provision	8.79	8.79
Total	13,533.63	11,322.87



Note 11A: Intangible assets under development

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Development Expenditure	3,753.73	2,855.77
Total	3,753.73	2,855.77

Note 12 : Non-Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Long Term, unquoted at cost		
Trade Investments		
In Equity Shares of Joint Venture Company :		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each	542.25	542.25
Less: Provision for diminution in value of investment in BEML Midwest Ltd.	(542.25)	(542.25)
Total trade investments	-	-
Other Investments		
Investment in Ordinary Shares of Co-operative Societies - Un-quoted, fully paid up		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	0.03	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each	0.01	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each	-	-
Total other investments	0.04	0.04
Total - Unquoted at cost	0.04	0.04

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

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

a. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2014 due to litigation pending before Company Law Board. Hence, disclosure requirements under AS-27 (Financial Reporting of Interests in Joint Ventures) with regard to the Company's share in assets, liabilities, income & expenditure and its share in the contingent liabilities could not be complied with.

b. The company had issued corporate guarantee to Bank for facilities extended to BEML Midwest Limited, for ₹1912.50 Lakhs. Since BEML Midwest failed to pay, the Bank concerned invoked the corporate guarantee and claimed from the company. However the company has refused to pay the claim on the ground that the claim relating to forward contracts were entered into without the approval of board of BEML Midwest Limited and that the majority shareholder has misappropriated and acted beyond the mandate without complying with the terms and conditions specified by the Board of BEML Midwest Limited. The matter is pending before Debt Recovery Tribunal (DRT). The company does not envisage any cash outflow in this regard.

Note 13: Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liabilities (DTL)		
Related to Fixed Assets	4,485.71	4,970.43
Special Tools	135.77	76.66
Total DTL (A)	4,621.48	5,047.09
Deferred Tax Assets (DTA)		
Timing Difference under the Income Tax Act, 1961	12,967.59	15,418.83
Carry forward loss	1,556.59	-
Others	(19.21)	(7.70)
Gratuity / Leave Liability	36.33	26.32
Total DTA (B)	14,541.30	15,437.45
Net Total (B-A)	9,919.82	10,390.36

Note 14 : Long-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured, considered good		
Capital Advances	307.60	136.47
Security Deposits	655.15	496.46
Inter Corporate Loan	8,210.87	9,853.04
Other Loans and Advances [see note (a) below]	5,906.01	5,903.82
Advance Income Tax (net of provision)	14,154.61	11,349.50
Pre paid expenses & Other advances	104.97	134.09
Sub-total	29,339.21	27,873.38



(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Doubtful		
Other Loans and Advances	120.19	120.19
Less : Provision for doubtful advances	120.19	120.19
Sub-total	-	-
Total	29,339.21	27,873.38
Due by officers of the Company	22.51	66.74

a. The Company has entered into a Consortium Agreement (MAMC Consortium) with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹4800.00 Lakhs towards the total bid consideration of ₹10000.00 Lakhs towards the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the MAMC Consortium. Further, the Company has incurred a sum of ₹768.29 Lakhs (Previous Year - ₹714.02 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 ₹5568.29 Lakhs (Previous Year - ₹5514.02 Lakhs) is included under the head 'Other Loans and Advances', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, no independent valuation of the assets taken over has been done and the diminution in value of investments, if any, can be ascertained only after the formulation of business plan and approval of shareholders' agreement from MOD and consequential share allotment.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly-owned subsidiary company for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of ₹600.93 Lakhs (Previous Year - ₹599.56 Lakhs) on account of MIL, which is included under the head 'Loans and Advances to related parties'.

Note 15 : Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Others		
Gold coins on Hand	9.57	9.57
Special Tools	418.46	236.26
Total	428.03	245.83

Note 16 : Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
	-	-
Total	-	-

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

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Raw materials & Components	42,915.16	55,578.96
Raw materials & Components in Transit	1,346.54	7,143.50
Stores and Spares	2,306.65	2,403.53
Work-in-Progress	58,377.54	74,012.04
Finished Goods	65,900.20	67,354.40
Finished Goods in Transit	7,934.05	822.51
Stock of Spares	33,754.02	36,152.45
Stock of Spares in Transit	636.10	107.46
Patterns & Other Materials	14.61	12.02
Hand tools	1,595.90	1,828.02
Scrap	1,356.30	1,687.43
Unrealised Profit on Stock	(57.33)	(291.98)
Total	216,079.74	246,810.34

- Negative work orders amounting to ₹722.60 Lakhs (Previous Year - ₹624.56 Lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on cost of production on this account.
- Raw materials & Components includes materials lying with sub contractors ₹1067.90 Lakhs (Previous Year - ₹1910.63 Lakhs).
- 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.
- Variances arising on account of difference between standard cost and the actual cost, on account of change in the nature of inputs from bought-out to internally manufactured or vice versa, timing difference between standard cost and actual occurrence during the financial period and fluctuations in the material prices, is adjusted in the cost of production in order not to carry forward the period variances to subsequent financial period.



- e. Provision towards obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.
- f. The inventory does not include the value of materials received free of cost from customers and supplies against LOI which are held in trust.

Note 18 : Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured, considered good		
Outstanding for period exceeding six months*	44,970.85	53,320.26
Others	52,765.34	32,831.33
Unsecured, considered doubtful		
Outstanding for period exceeding six months	12,000.23	12,228.59
Allowance for bad and doubtful debts	12,000.23	12,228.59
Total	97,736.19	86,151.59

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

ii. The company is having factoring arrangement with banks. Trade receivables amounting ₹Nil (Previous Year - ₹17189.83 Lakhs) has been sold to the banks. This amount has been reduced from trade receivables 'Others' as on 31st March, 2014. [The factoring cost incurred is ₹652.58 Lakhs. (Previous Year - ₹1093.74 Lakhs), included in Bank charges].

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

iv. Trade receivables - Outstanding for period exceeding six months include ₹4139.92 Lakhs (Previous Year ₹4139.92 Lakhs) towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with Ministry of Defence (MoD) in 2001. This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation.

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

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

Note 19 : Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Balances with Banks	1,322.20	7,291.96
Balances with Banks - Unclaimed Dividend	52.91	62.52
Cheques, drafts on hand	238.26	328.74
Cash on hand	140.80	166.29
Total	1,754.17	7,849.51

Note 20 : Short-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured, considered good		
Balances with Public Utility concern	3.74	11.13
Loans and Advances to Related Parties [refer Note No.31 (C)]	130.01	127.15
Inter Corporate Loan	1,642.17	1,642.17
Balances with Govt. departments for Customs Duty, Excise Duty etc., including receivables	1,365.44	15,226.85
Other Loans and advances	18,253.96	12,748.91
Pre paid expenses & Other advances	1,304.35	925.29
Sub-total	22,699.67	30,681.50
Doubtful		
Other Loans and advances	3,978.37	4,041.46
Less : Provision for doubtful advances	3,978.37	4,041.46
Sub-total	-	-
Total	22,699.67	30,681.50
Due by Officers of the Company	68.96	106.63

**Note 21 : Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Interest Accrued on bank deposits	4.25	406.89
Claims receivable	12,402.70	6,645.67
Unbilled revenue net of advances	17,935.03	36,301.09
Preliminary expenses	63.99	63.99
Pre-operative expenses	1.97	1.24
Sub-total	30,407.94	43,418.88
Doubtful		
Claims receivable	3,583.87	2,974.37
Less : Provision for doubtful claims	3,583.87	2,974.37
Sub-total	-	-
Total	30,407.94	43,418.88

i. Claims receivable includes:

- Cost of additional material consumed for rail coaches (over and above the design specification based on which the revenue was recognized) amounting to ₹3181.51 Lakhs (Previous Year - ₹124.15 Lakhs), awaiting final price to be fixed by customer. The provisional price as per contract does not include the cost of additional material required for the change in the design specification. Once the final price is fixed, the claim receivable will be adjusted and corresponding revenue accounted.
- Cost of additional material consumed against variation order of Metro contract (RS1 & RS6) amounting to ₹512.33 Lakhs (Previous Year - ₹258.37 Lakhs) awaiting customer NOC.
- Claim Lodged pending under reconciliation amounting to ₹436.80 Lakhs (Previous Year - ₹252.18 lakhs).
- Claim lodged with Railway Board for excise duty and corresponding sale tax claim of ₹764.78 Lakhs (Previous Year - ₹817.83 Lakhs).

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

- Unbilled revenue include ₹7820.63 Lakhs (Previous Year - ₹11709.84 Lakhs) on account of additional provisional price accounted based on recommendation (for the years 2010-11 & 2011-12) by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Rail Board.

Note 22 : Revenue including Excise Duty

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
(a) Sale of products:		
Castings	-	25.10
Earth Moving Equipment	87,391.43	90,663.83
Rail & Metro Products	128,167.01	103,955.81
Defence Products	11,267.72	32,454.79
Traded Goods	343.83	7,698.04
Spare Parts	60,214.25	45,224.47
Wind Energy	290.28	317.53
Sub-total	287,674.52	280,339.57
(b) Sale of services:		
Design / IT Services	109.98	540.18
Equipment Servicing	21,021.39	15,340.23
Sub-total	21,131.37	15,880.41
(c) Other operating revenues		
Export incentives	153.53	255.12
Sale of Scrap	2,176.21	2,551.10
Sub-total	2,329.74	2,806.22
Revenue including Excise Duty	311,135.63	299,026.20

- i. Revenue including Excise Duty include ₹3259.13 Lakhs (Previous Year - ₹3891.36 Lakhs) recognised as additional provisional price in terms of Accounting Policy No. 7(iii) based on the price recommended for Rail coaches for the year 2011-12 by the Chief Advisor (Cost), Ministry of Finance (which is under consideration by the Rail Board). The difference, if any, is accounted in the year of finalisation of price.
- ii. Revenue including Excise Duty includes revenue recognized for ₹7244.49 Lakhs (Previous Year - ₹12823.28 Lakhs) in respect of FOR destination contracts, in accordance with Accounting Standard 9 - Revenue Recognition, on the basis of custodian certificates accepting billing and title to the goods, having a profit of ₹1454.47 Lakhs (Previous Year - ₹791.47 Lakhs) for the transactions.
- iii. The company has entered into a consortium agreement with three international partners for the supply of Metro coaches to Bangalore Metro Rail Corporation Ltd, (BMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on BMRCL and terminal excise duty and VAT thereon is discharged by the company.

**Note 22A :**

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

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Rail & Metro Products	142,369.79	133,046.23
Other products, services and other operating revenue	182,968.62	195,070.39
Sub-total	325,338.41	328,116.62
Less: Value of Consortium Supplies	14,202.78	29,090.42
Revenue including Excise Duty	311,135.63	299,026.20

Note 23 : Other Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Interest Income		
- From Banks	93.31	2,118.91
- From Inter Corporate Loans	1,341.36	1,549.04
- From Other Advances	-	3.62
- Others	630.80	396.57
Net gain on sale of Fixed Assets	6.07	10.16
Income from Commission	1.66	5.27
Provisions written back		
- Doubtful debts & Advances	111.33	479.95
- Others	1,993.73	1,577.36
Other non-operating income	2,191.39	4,290.34
Total	6,369.65	10,431.22

a. Tax Deducted at Source on Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
a) Interest on Call and Term Deposit from Banks	0.06	210.72
b) Inter Corporate Loans	134.12	154.91
c) Others	8.00	7.81

Note 24 : Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Cost of Material for manufactured products	158,990.57	169,613.31
Unrealised profit on stock	(234.65)	88.77
Cost of Material consumed for manufactured products	158,755.92	169,702.08

Note 24A : Purchase of Stock-in-trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Purchase of Stock-in-trade	311.99	910.17

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

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Opening Stock		
Work-in-progress	74,012.04	61,679.58
Finished Stock	68,176.91	74,071.61
Scrap	1,687.43	1,312.71
	143,876.38	137,063.90
Closing Stock		
Work-in-progress	58,377.54	74,012.04
Finished Stock	73,834.25	68,176.91
Scrap	1,356.30	1,687.43
	133,568.09	143,876.38
(Increase) / Decrease		
Work-in-progress	15,634.50	(12,332.46)
Finished Stock	(5,657.34)	5,894.70
Scrap	331.13	(374.72)
Total	10,308.29	(6,812.48)

**Note 26 : Employee Benefits Expense**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Salaries, Wages & Bonus	54,456.18	52,485.01
Leave Salary	4,393.04	4,787.29
Contribution to:		
- Gratuity Fund	1,323.81	4,825.52
- Provident Fund and Other Funds	5,630.87	5,305.05
Staff welfare expenses	6,890.35	7,591.47
- Less receipts	427.15	471.66
Net staff welfare expenses	6,463.20	7,119.81
Total	72,267.10	74,522.68

A. Accounting Standard 15 (Employee Benefits)**a. Leave Salary**

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

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Mortality Table (IALM)	2006-08	1994-96
	(Ultimate)	(Ultimate)
Discount rate	9.10%	8.10%
Rate of escalation salary	5.00%	5.00%

b. Post Retirement Contributory Medical Scheme

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

Actuarial Assumptions	Current Year (Unfunded)	Previous Year (Unfunded)
Expected proportion of the existing employees who will opt for the scheme at the time of retirement	35.00%	35.00%
Discount rate	9.10%	8.10%
Long term Medical inflation	1.59%	3.80%

c. Interest Rate Guarantee on Provident Fund

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

Actuarial Assumptions	Current Year (Funded)	Previous Year (Funded)
Discount rate	8.79%	8.10%
Rate of escalation salary	5.00%	5.00%
Interest Rate Guarantee on Provident Fund	8.75%	8.50%

d. Gratuity

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



(₹ in Lakhs)

Changes in the Present value of obligation	Current Year	Previous Year
Present value of obligation at 01.04.2013	36,180.13	34,019.59
Interest Cost	2,764.90	2,712.54
Current Service Cost	1,108.32	1,097.33
Benefits Paid	(4,264.46)	(4,999.80)
Actuarial (gain)/loss on obligations	3.58	3,350.47
Present value of obligation at 31.03.2014	35,792.47	36,180.13
Changes in the Fair value of Plan assets		
Fair value of plan assets at 01.04.2013	27,316.11	25,957.76
Expected return on plan assets	2,807.11	2,292.29
Contributions	8,792.67	4,023.33
Benefits paid	(4,264.46)	(4,999.80)
Actuarial gain/(loss) on plan assets	(254.12)	42.53
Fair value of plan assets at 31.03.2014	34,397.31	27,316.11
Reconciliation of obligations and fair value of plan assets		
Present value of obligation at 31.03.2014	35,792.47	36,180.13
Fair value of plan assets at 31.03.2014	34,397.31	27,316.11
Funded Status	1,395.16	8,864.02
Liability Existing	0.00	4,001.07
Liability recognized during the year	1,395.16	4,862.95
Expenses recognized during the year		
Current Service Cost	1,108.32	1,097.33
Interest Cost	2,764.90	2,712.54
Expected return on plan assets	2,807.11	2,292.29
Actuarial (gain)/loss on obligation	3.58	3,350.47
Actuarial gain/(loss) on plan assets	(254.12)	42.53
Net Cost	1,323.81	4,825.52
Investment Details	%	%
GOI Bonds	-	1
Others	1	2
Investment with LIC	99	97
Actuarial Assumptions		
Gratuity	(Funded)	(Funded)
Mortality Table (IAL)	2006-08	1994-96
	(Ultimate)	(Ultimate)
Discount rate	9.10%	8.10%
Rate of return on plan assets	9.00%	9.50%
Rate of escalation salary	5.00%	5.00%

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

Note 27 : Finance Costs

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Interest expense		
On Cash Credit & Short term Loans	6,267.51	8,234.51
On Long Term Loans	1,138.17	1,339.78
On Non-convertible Debentures	2,122.11	2,130.02
On Inter Corporate Loans	1,300.43	1,489.85
Others	239.83	951.32
Total	11,068.05	14,145.48

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the Year is ₹685.87 Lakhs (Previous Year - ₹346.87 Lakhs). Out of this a sum of ₹35.75 Lakhs (Previous Year - ₹Nil) related to previous Year.

Note 28 : Other Expenses

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Consumption of stores and spare parts	1,030.64	898.82
Consumable Tools	393.02	809.58
Power and fuel	3,856.05	3,600.03
Machining & Fetting Charges	104.67	75.05
Moulding Charges	38.84	27.75
Rent	337.33	286.58
Hire Charges	538.84	556.63
Repairs & Maintenance		
Machinery & Equipment	560.63	352.66
Buildings	317.76	378.10
Others	973.25	741.56
Amortisation of Special Tools	121.73	260.70
Stationary	141.55	166.00
Insurance	344.01	344.35
Rates & Taxes	453.83	669.51
Bank Charges	1,613.41	2,057.32
Postage, Telephones and Courier etc.	346.28	375.21
Commission on sales	114.22	1,025.65
Remuneration to Auditors (refer note 'b' below)	32.72	32.81
Legal & Professional Charges	154.90	168.35



(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Travelling Expenses	1,136.14	1,304.31
Publicity & Public Relations	221.55	285.49
Loss on Sale of Fixed Asset	1.91	1.54
Obsolescence	1,154.77	609.87
Bad Debts Written off	158.73	77.35
Defects & Spoilages	66.16	497.43
Works Contract Expenses	3,626.29	3,306.77
Expenses on Maintenance Contract	3,431.59	2,974.95
Sundry Direct Charges	2,928.07	2,472.31
Excise duty on increase / (decrease) in Stock	(1,027.13)	519.39
Provision for Doubtful Debts & Advances	1,433.88	9,330.24
Provision for diminution in value of Current Investment	-	-
Warranty & Unexpired Obligations	1,971.76	2,011.23
Liquidated damages on sales	366.89	719.55
Miscellaneous expenses [refer Note 27(a)]	10,308.10	9,729.35
Total	37,252.39	46,666.44

a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹226.74 Lakhs. (Previous Year - ₹384.82 Lakhs).

b. Break up of Remuneration to Auditors :

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
(a) As Auditor	9.90	9.00
(b) Half yearly Audit fee	4.30	3.85
(c) for taxation matter	2.70	2.40
(d) Other Services - Certification Fees	7.51	7.55
(e) Reimbursement of Expenses	8.31	10.01
Total	32.72	32.81

Note 29 : Exceptional Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Income		
Warranty provision written back	1,211.69	-
Liability Written back	376.94	1,011.90
	<u>1,588.63</u>	<u>1,011.90</u>
Expenditure	-	-
	<u>-</u>	<u>-</u>
Net Income / (Expenditure)	<u>1,588.63</u>	<u>1,011.90</u>

The company was providing warranty based on technical estimate as per Accounting Policy no. 10. Actual expenditure towards warranty was significantly lower than the provision. The technical parameters / estimates were reviewed and excess provision amounting to ₹1211.69 Lakhs has been written back during the year.

Note 30 : Prior Period Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Income		
MSME Interest write back	674.70	-
Others	135.65	1.50
	<u>810.35</u>	<u>1.50</u>
Expenditure		
Material Consumption	2,648.72	293.05
Advance written back	-	(503.02)
Others	91.47	85.04
	<u>2,740.19</u>	<u>(124.93)</u>
Net income / (Expenditure)	<u>(1,929.84)</u>	<u>126.43</u>

MSME interest provision during 2012-13 was made based on classification of vendors without proper documents as required under MSME Development Act. The company has identified MSME vendors during 2013-14 strictly based on the documents furnished by the vendors including Entrepreneurs Memorandum (EM) Number as allotted by the District Industries Centre or competent authority as notified by the respective State Govt / UT administration. This has resulted in excess provision ₹674.70 Lakhs made towards MSME for the year 2012-13 after retaining the provision ₹117.90 Lakhs made for 2012-13 against vendors identified as Micro and Small for the year 2013-14. Accordingly, the excess provision of ₹674.70 Lakhs in respect of 2012-13 has been written back during the year 2013-14.

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

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	610.16	(8,328.96)
Average Number of Shares	41,644,500	41,644,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	1.47	(20.00)

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

C. Accounting Standard 18 (Related Party Transactions)

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

Details of Transactions

(₹ in Lakhs)

Particulars	2013-14	2012-13
Sales	-	-
Purchases	-	-
Advances recoverable as on 31st March	130.01	127.15
Corporate Guarantee given to Bankers as on 31st March (refer Note 12 (b))	1,912.50	1,912.50
Amount payable towards supplies as on 31st March	230.00	230.00
Equity Investment held as on 31st March (at cost)	542.25	542.25

ii. Remuneration to key management personnel

Name	(₹ in Lakhs)	Designation
Shri P.Dwarakanath 2013-14 2012-13	34.53 30.31	Chairman and Managing Director
Shri C.N. Durgesh 2013-14 2012-13	25.93 25.67	Director (Mining & Construction)
Shri P.R. Naik 2013-14 2012-13	29.95 27.33	Director (Defence)
Shri D.K. Hota 2013-14* 2012-13	22.00 -	Director (HR)
Shri Pradeep Swaminathan 2013-14* 2012-13	16.77 -	Director (Finance)
Shri VRS Natarajan 2013-14 2012-13*	- 18.78	Chairman and Managing Director
Dr. M. Nellaiappan 2013-14* 2012-13	18.23 28.04	Director (HR)
Shri M. Pitchiah 2013-14* 2012-13	16.74 31.09	Director (Finance)

* For part of the year.

D. Contingent liabilities & Commitments
I. Contingent liabilities
a. Claims against the Company not acknowledged as debts

- Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) - ₹40217.09 Lakhs (Previous Year - ₹5452.75 Lakhs).
- Other claims - legal cases etc. ₹47085.99 Lakhs (Previous Year - ₹5125.03 Lakhs).

(This include a claim amounting to ₹35527.00 Lakhs against which the company has lodged a counter claim of ₹52365.00 Lakhs).

**b. Guarantees**

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

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

II. Commitments

a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹1977.52 Lakhs (Previous Year - ₹2414.20 Lakhs).

b. Uncalled liability on shares and other investments partly paid - ₹Nil (Previous Year - ₹Nil).

c. Other commitments (specify nature) - ₹Nil (Previous Year - ₹Nil).

Notes

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

E. Aggregate amount of Research & Development Expenses:

(₹ in Lakhs)

Particulars	2013-14	2012-13
Revenue Expenditure*	8,622.39	8,700.06
Capital Expenditure**	0.96	735.90

* 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 2014	For the Year ended 31st March 2013
Material Cost	116.56	204.60
Employee Remuneration	3,410.95	3,473.37
Depreciation	997.72	893.01
Power and Fuel	25.74	25.61
Repairs and Maintenance	37.60	24.95
Consumable Tools	6.12	60.46
Travelling	81.77	80.65
Other Expenses	803.40	971.93
Payment for PLM Software	-	-
Payment to Technology Providers	656.29	278.70
Prototype held in WIP	1,132.31	-
Prototype held in FGI	316.26	809.00
Cost of Sales of Prototype sold	2,035.39	2,770.79
Total R&D Revenue Expenditure	9,620.11	9,593.07
Less: Depreciation	997.72	893.01
Net R & D Expenditure	8,622.39	8,700.06
Sale value of prototype sold - included in net Sales	3,323.87	2914.16

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2014 is as below.

b. Research & Development Capital Expenditure

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions During the Year	Deduction / Re- classification & Adjustments During the Year	As at 31.03.2014	As at 01.04.2013	For the Year	Deduction / Re- classification & Adjustments During the Year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Lease Hold	-	-	-	-	-	-	-	-	-	-
Roads & Drains	51.39	-	-	51.39	29.66	0.84	-	30.50	20.89	21.73
Water Supply Installations	12.60	-	-	12.60	12.43	0.04	-	12.47	0.13	0.17
Buildings	508.92	-	-	508.92	354.35	11.71	-	366.06	142.86	154.57
Plant, Machinery and Equipment	5,074.33	0.96	(326.34)	4,748.95	4,234.75	218.61	(354.45)	4,098.91	650.04	839.58
Electrical Installation	166.47	-	1.94	168.41	155.43	3.98	(0.08)	159.33	9.08	11.04
Furniture & Fixtures	244.70	-	14.48	259.18	198.10	5.67	(2.50)	201.27	57.91	46.60
Transport Vehicles	56.23	-	18.25	74.48	31.27	4.37	7.20	42.84	31.64	24.96
Intangible Assets										
Software	1,189.48	-	-	1,189.48	527.44	262.99	-	790.43	399.05	662.04
Technical Knowhow	2,937.02	-	-	2,937.02	840.65	489.51	-	1,330.16	1,606.86	2,096.37
Total Tangible & Intangible Assets	10,244.43	0.96	(291.67)	9,953.72	6,384.08	997.72	(349.83)	7,031.97	2,921.75	3,860.35
Previous Year	9,028.00	735.90	480.53	10,244.43	5,031.03	893.01	460.04	6,384.08	3,860.35	3,996.97



F. Accounting Standard 17 (Segment Reporting)

a. Primary Reporting - Business Segment

(₹ in Lakhs)

PARTICULARS	Railway		Defence		Mining & Construction		Others		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue*										
External Revenue	131418.79	105,227.84	14341.61	34,448.87	143,823.43	137,598.76	783.16	2,849.51	290,366.99	280,124.98
Results :										
Segment Results	4698.24	6,270.21	(10368.52)	(551.66)	20449.79	(1,449.25)	(64.35)	(2,865.33)	14,715.15	1,403.97
Unallocated Corporate Expenses									4,372.08	5,006.92
Operating Profit									10,343.07	(3,602.95)
Minority Interest									(3.33)	(9.31)
Finance costs									11,068.05	14,145.48
Interest Income									2,065.47	4,068.14
Exceptional Items									1,588.63	1,011.90
Income Taxes									392.45	(4,203.69)
Prior Period Adjustments									(1,929.84)	(126.43)
Net Profit									610.16	(8,328.96)

*The Company does not have any inter segment sales.

Revenue under Railway customer does not include ₹14202.78 Lakhs (Previous Year - ₹29090.42 Lakhs) billed on behalf of the consortium by the company.

b. Segmental Capital Employed:

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

c. Secondary Reporting

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

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

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

I. Disclosures as required by Clause 32 of the Listing Agreement

In compliance of amended Clause 32 of the Listing Agreement with Stock Exchanges, the required information is given as under:

(₹ in Lakhs)

Particulars	Amount as on		Maximum amount outstanding during the year ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
i. Loans and Advances in the nature of loans:				
A. To Subsidiary Companies	-	-	-	-
B. To Associates / Joint Venture	-	-	-	-
C. To Firms / Companies in which directors are interested	-	-	-	-
D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 372A of Companies Act	-	-	-	-
ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries	-	-	-	-

J. The MIL was incorporated as a fully owned subsidiary company to be ultimately converted into a joint venture with, the company's share being 48% for which approval for shareholders' agreement is pending with MoD. Pending conversion into a joint venture, the accounts of MIL has been consolidated as a subsidiary for the first time during the year including its relevant previous year figures.

K. The financial statements for the year approved by the Board of Directors and certified by the Statutory Auditors on 28.05.2014 were revised pursuant to C&AG's observations under section 619(4) of the Companies Act, 1956 by amending Note No. 22(ii). This amendment has no impact on the reported figures in the financial statements.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of BEML Limited**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of BEML Limited and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated Balance Sheet as at March 31, 2014 and the consolidated Statement of Profit and Loss and consolidated Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

As explained in Note 12, the financial statements of the BEML Midwest Limited, a joint venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, has not been determined.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the effects of the manner described in the Basis for Qualified Opinion Paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the PROFIT of the Group for the year ended on that date; and
- c) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to:

1. Note no.18(i) in respect of trade receivables from Railway Board for Rs.499.60 lakhs, Note no.18 (iii) and Note No.18(iv) in respect of trade receivables from Ministry of Defence for Rs. 925.87 lakhs and Rs.4139.92 lakhs, respectively and Note No.21(i)(a) in respect of claims receivable for Rs. 3181.51 lakhs relating to additional material consumed for rail coaches. The realization of these receivables and the claim depend on the final determination of the amount payable by the customers.
2. Note No.22(ii) in respect of accounting of revenue including excise duty for an amount of Rs. 7244.49 lakhs in respect of FOR destination contracts in accordance with Accounting Standard 9 – Revenue Recognition on the basis of custodian certificates accepting billing and title to the goods.
3. Note No. 14(a) in respect of the amount advanced to MAMC consortium for Rs.5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment; if any.
4. Note No. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables, trade receivables, other loans and advances and deposits.

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

**Other Matters:**

1. We have issued an Audit Report dated 28th May, 2014 (“the original report”), at Bangalore on the financial statements as adopted by Board of Directors on even date. Pursuant to the observation of Comptroller and Audit General of India under Section 619(4) of the Act in respect of BEML Limited, the Group has amended Note No.22(ii). This amendment has no impact on the reported figures in the financial statements of the Group, as disclosed in Note No.31K. This Audit Report supersedes the original report, which has been suitably revised to consider the amendment made to the said Note no 22(ii).
2. Our audit procedure on events subsequent to the date of the original report is restricted solely to the amendment to Note No. 22(ii) of the financial statements.
3. We did not audit the financial statements of the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of Rs.2046.26 lakhs as at 31st March,2014 and total revenue of Rs.3291.94 lakhs and net cash inflow amounting to Rs. 0.12 lakhs for the year then ended. The financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on the report of the other auditor.
4. We did not audit the financial statements of the subsidiary BEML Brazil Industrial Ltda, whose financial statements reflect total assets of Rs.130.48 lakhs as at 31st March,2014 and total revenue of Rs.11.00 lakhs and net cash outflows amounting to Rs.26.63 lakhs for the year then ended. The financial statements have been audited by other auditor under local laws of Brazil whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on report of the other auditor.
5. We did not audit the financial statements of the subsidiary MAMC Industries Limited, whose financial statements reflect total assets of Rs.606.65 lakhs as at 31st March,2014 and NIL total revenue and net cash inflow amounting to Rs 0.14 lakhs for the year then ended. The financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on the report of the other auditor.

For **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

Firm Registration Number: 002510S

(G VIVEKANANTHAN)

PARTNER

Membership No.28339

Bangalore.

30 June 2014

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

Para No.	Auditors' Observation	Company's Reply
1.	<p>Point no. 1 under the section 'Basis for Qualified Opinion'</p> <p>As explained in Note 12, the financial statements of the BEML Midwest Limited, a Joint Venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, have not been determined.</p>	<p>There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated. The impact, if any, on account of non-consolidation is not expected to be material.</p>

**Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company**

Name of the Subsidiary Company	: Vignyan Industries Limited
The 'Financial Year' of the Subsidiary ended on	: 31.03.2014
Number of shares in the subsidiary held by BEML Limited and its nominees at the above date	: 2,69,376 equity shares of the face value of ₹100/- each
The net aggregate of profit / loss of the subsidiary company so far as it concerns the members of BEML	
1) Dealt within the accounts of BEML amounted to	
a) For the subsidiary's financial year ended 31.03.2014	: ₹Nil
b) Up to previous financial year of the subsidiary since it became subsidiary of BEML	: ₹Nil
2) Not dealt within the accounts of BEML amounted to	
a) For the subsidiary's financial year ended 31.03.2014	: (-) ₹144.77 lakhs
b) Up to previous financial year of the subsidiary since it became subsidiary of BEML	: ₹1138.80 lakhs (Profit)

Bangalore 30.06.2014	M E V Selvamm Company Secretary	Pradeep Swaminathan Director (Finance)	P Dwarakanath Chairman & Managing Director
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INFORMATION FOR THE INVESTORS AS REQUIRED BY THE MINISTRY OF CORPORATE AFFAIRS

Information related to M/s Vignyan Industries Limited, Subsidiary Company of BEML Limited for the Financial Year ended 31.03.2014:

(a) Capital	278.97	(f) Turnover (Gross)	3675.12
(b) Reserves & Surplus	166.36	(g) Profit Before Taxation	(144.77)
(c) Total Assets (Gross Block)	1657.16	(h) Tax expense	(47.97)
(d) Total Liabilities	1600.93	(i) Profit After Tax	(96.80)
(e) Details of Investment	NIL	(j) Proposed Dividend (%)	--

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

Name of the Subsidiary Company : MAMC Industries Limited

The 'Financial Year' of the Subsidiary ended on : 31.03.2014

Number of shares in the subsidiary held by
BEML Limited and its nominees at the above date : 50,000 equity shares of the
face value of ₹10/- each

The net aggregate of profit / loss of the subsidiary
company so far as it concerns the members of BEML

1) Dealt within the accounts of BEML amounted to

- | | | |
|---|---|------|
| a) For the subsidiary's financial year ended 31.03.2014 | : | ₹Nil |
| b) Up to previous financial year of the subsidiary since it became subsidiary of BEML | : | ₹Nil |

2) Not dealt within the accounts of BEML amounted to

- | | | |
|---|---|------|
| a) For the subsidiary's financial year ended 31.03.2014 | : | ₹Nil |
| b) Up to previous financial year of the subsidiary since it became subsidiary of BEML | : | ₹Nil |

Bangalore 30.06.2014	M E V Selvamm Company Secretary	Pradeep Swaminathan Director (Finance)	P Dwarakanath Chairman & Managing Director
-------------------------	---	--	--

INFORMATION FOR THE INVESTORS AS REQUIRED BY THE MINISTRY OF CORPORATE AFFAIRS

Information related to M/s MAMC Industries Limited, Subsidiary Company of BEML Limited for the Financial Year ended 31.03.2014:

(a) Capital	5.00	(f) Turnover (Gross)	--
(b) Reserves & Surplus	--	(g) Profit Before Taxation	--
(c) Total Assets (Gross Block)	540.55	(h) Tax expense	--
(d) Total Liabilities	601.65	(i) Profit After Tax	--
(e) Details of Investment	--	(j) Proposed Dividend (%)	--



Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

Name of the Subsidiary Company : BEML Brazil Industrial Ltda.

The 'Financial Year' of the Subsidiary ended on : 31.03.2014

Number of shares in the subsidiary held by
BEML Limited and its nominees at the above date : 1,00,000 quotas valuing
₹185.55 lakhs

The net aggregate of profit / loss of the subsidiary
company so far as it concerns the members of BEML

1) Dealt within the accounts of BEML amounted to

a) For the subsidiary's financial year ended 31.03.2014 : ₹Nil

b) Up to previous financial year of the subsidiary since it
became subsidiary of BEML : ₹Nil

2) Not dealt within the accounts of BEML amounted to

a) For the subsidiary's financial year ended : (-) ₹25.46 lakhs
31.03.2014

b) Up to previous financial year of the subsidiary : (-) ₹48.70 lakhs
since it became subsidiary of BEML

Bangalore
30.06.2014

M E V Selvamm
Company Secretary

Pradeep Swaminathan
Director (Finance)

P Dwarakanath
Chairman & Managing Director

**INFORMATION FOR THE INVESTORS AS REQUIRED BY THE MINISTRY OF
CORPORATE AFFAIRS**

Information related to M/s BEML Brazil Industrial Ltda, Subsidiary Company of BEML Limited for the
Financial Year ended 31.03.2014:

(a) Capital	185.55	(f) Turnover (Gross)	--
(b) Reserves & Surplus	(74.17)	(g) Profit Before Taxation	(25.46)
(c) Total Assets (Gross Block)	2.20	(h) Tax expense	--
(d) Total Liabilities	19.10	(i) Profit After Tax	(25.46)
(e) Details of Investment	--	(j) Proposed Dividend (%)	--

Corporate Data*

BOARD OF DIRECTORS:

Functional Directors:

Shri P Dwarakanath
Chairman & Managing Director

Shri C N Durgesh
Director (Mining & Constructon Business)

Shri P R Naik
Director (Defence Business)

Shri Deepak Kumar Hota
Director (HR)

Shri Pradeep Swaminathan
Director (Finance)

Shri Aniruddh Kumar
Director (Rail & Metro Business)

Part-time Government Directors:

Shri P K Mishra
Joint Secretary (Electronic Systems)
Department of Defence Production
Ministry of Defence

Shri Rajnish Kumar
Addl. Financial Adviser & Joint Secretary
Department of Defence Production
Ministry of Defence

Non-Official (Independent) Directors:

Shri C Balakrishnan
Shri Suhas Anand Bhat
Shri N P Gupta

COMPANY SECRETARY :

Shri M E V Selvamm

CHIEF VIGILANCE OFFICER :

Smt Kavitha Kestur

EXECUTIVE DIRECTORS :

Shri Umesh Chandra
Shri Haldar, AK

CHIEF GENERAL MANAGERS :

Shri Prakash, HS
Shri Narasimha Rao, P
Shri Prasad, S
Shri Ravi, S
Shri Vishwanatha, BR
Shri Nagaraj Kumar, PV
Shri Ashokan, D
Shri Panneer Selvam, R
Shri Ramachandra Rao, C
Shri Rajendran, S
Shri Manjunath, BL
Shri Krishna Murthy, KV
Shri Ravi Chander, G
Shri Muralidhara, RH
Shri Suresh S Vastrad
Shri Hasainabba, UK
Shri Nageshwara Rao, C
Shri Huddar, SB
Shri Venkatesan, S
Shri Sastry, NVS
Shri Krishna, BS
Shri Asit Kumar Nanda
Shri Shankar, B
Shri Sharadkumar, K. Kalagi

GENERAL MANAGERS :

Shri Ravishankar, N
Shri Shivakumar, P
Shri Joe Pulickel
Shri Satheesha, NV
Shri Vinod Kumar Pareek
Shri Amit Banerjee
Shri Sreekumar Varma, TK
Shri Ravi Kumar, KS
Shri Mohanan, KP
Shri Kumaresan, S
Shri Piramanayagam, S
Shri Radhakrishna, KR
Shri Narayana Bhat, K
Shri Narayanayya Hasanadka
Shri Srinivasulu Reddy, S
Shri Raja Sekhar, MV
Shri Visweswara Rao, M
Shri Nagaraja Rao, SR
Shri Ranganath, HS
Shri Muthuvalavan, R
Shri Parashar, RR

Shri Kodandaram, N
Dr. Ramesh, P
Shri Mathai, IYPE
Shri Umashankar
Shri Satyasha Simha
Shri Ajit Kumar Srivastav
Shri Nagaraj, P
Shri Aggarwal, VM
Shri Sivasankara Rao, P
Shri Subhash Namdeo Shinde
Shri Mohanavelan, E
Shri Sanjay Som
Shri Ramamurthy, KB
Shri Mihir Kiron Ray
Shri Jaskan Hemram
Shri Sumanta Kumar Saha
Shri Santosh Kumar Mallick
Shri Ilangovan, K
Shri Doshi, T K

BANKERS :

State Bank of India
Canara Bank
State Bank of Mysore
State Bank of Patiala
Bank of India
Bank of Baroda
Union Bank of India
State Bank of Hyderabad
Indian Bank
Axis Bank
Exim Bank
HDFC Bank
IDBI Bank
Deutsche Bank

LEGAL ADVISORS :

M/s Just Law
Bangalore

M/s Sundaraswamy & Ramdas
Bangalore

Justice K A Swamy
Bangalore

National Law School of
India University
Bangalore

**TAX CONSULTANTS :**

M/s King & Patridge
Bangalore

M/s Lakshmi Kumaran & Sridharan
Bangalore

AUDITORS :

M/s Padmanabhan Ramani
& Ramanujam
Chartered Accountants
Chennai

OFFICES :

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

"BEML SOUDHA", 23/1
4th Main, Sampangiramanagar
Bangalore - 560 027

Trading & Marketing Division :

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

UNITS :**Bangalore Complex :**

P B No.7501
New Thippasandra Post
Bangalore - 560 075

KGF Complex :

BEML Nagar
Kolar Gold Fields - 563 115

Mysore Complex :

Belvadi Post
Mysore - 570 018

Palakkad Complex :

KINFRA Park
Menon Para Road
Kanjikode East
Palakkad - 678 621

Subsidiary Companies :

Vignyan Industries Limited
PB No.4, BH Road,
Tarikere - 577 228

MAMC Industries Limited
35/1-A, Taratala Road
Kolkata - 700 088

Joint Venture Company :

BEML Midwest Limited
Srinivasa Nilayam
8-2-684/3-55, Banjara Green Colony
Road No.12, Banjara Hills
Hyderabad - 500 034

Regional Offices :

Bangalore
Bilaspur
Chennai
Dhanbad
Hyderabad
Kolkata
Mumbai
Nagpur
New Delhi
Ranchi
Sambalpur
Singrauli

District Offices :

Ahmedabad
Asansol
Bacheli
Bhilai
Bhopal
Bhubaneswar

Chandrapur
Guwahati
Hospet
Jammu
Kochi
Kothagudem
Madurai
Neyveli
Panjim
Ramagundam
Udaipur
Visakhapatnam

Ongole (Service Activity Centre)
K.D. Hesalong (Project Office)
Meghahatuburu, W.B. (Depot)
Nagpur, Global Service HQ

Overseas Offices :

Brazil
Indonesia



Launching of BEML supplementary logo to predicate Company's Golden Jubilee Year.

A view of BEML Stall at EXCON - 2013 Exhibition.



Shri Mangu Singh, MD, DMRC rolls out 136th Intermediate Car for Delhi Metro in the presence of CMD Shri P Dwarakanath.

Shri Pradeep Singh Kharola, IAS, MD of BMRCL is seen with BEML CMD and Directors on the occasion of roll out of 50th train set of BMRCL.



Shri C N Durgesh, Director (Mining & Construction) receives 'Star Performer' bestowed on BEML by EEPCC from Hon'ble Ministers Shri P K Kunhali Kutty and Shri A door Prakash, Government of Kerala.

Shri A Shivathanu Pillai, Chairman, Brahmos is seen discussing with CMD Shri P Dwarakanath and Director (Defence Business) Shri P R Naik at DEFEXPO-2014 venue.



FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the Standalone annual audit report to be filed with the stock exchanges

1.	Name of the Company	M/s BEML Limited									
2.	Annual financial statements for the year ended	31 st March 2014									
3.	Type of Audit observation	<table><tr><th>Emphasis of Matter in the Statutory Auditors Report</th><th>Reference of the Notes in the Accounts</th></tr><tr><td>Point no. 1 under the section Emphasis of Matter: Note no.18(i) in respect of trade receivables from Railway Board for ₹499.60 lakhs, Note no.18 (iii) and Note No.18(iv) in respect of trade receivables from Ministry of Defence for ₹925.87 lakhs and ₹4139.92 lakhs, respectively and Note No.21(i)(a) in respect of claims receivable for ₹3181.51 lakhs relating to additional material consumed for rail coaches. The realization of these receivables and the claim depend on the final determination of the amount payable by the customers.</td><td>Facts have been elaborated in the Accounts under Note no. 18(i), 18(iii), 18(iv) and 21(i)(a).</td></tr><tr><td>Point no. 2 under the section Emphasis of Matter: Note No.22(ii) in respect of accounting of revenue including excise duty for an amount of ₹7244.49 lakhs in respect of FOR destination contracts in accordance with Accounting Standard 9 – Revenue Recognition on the basis of custodian certificates accepting billing and title to the goods.</td><td>Facts have been elaborated in the Accounts under Note no. 22(ii).</td></tr><tr><td>Point no. 3 under the section Emphasis of Matter: Note No. 14(a) in respect of the amount advanced to MAMC consortium for ₹5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.</td><td>Facts have been elaborated in the Accounts under Note no. 14(a).</td></tr></table>		Emphasis of Matter in the Statutory Auditors Report	Reference of the Notes in the Accounts	Point no. 1 under the section Emphasis of Matter: Note no.18(i) in respect of trade receivables from Railway Board for ₹499.60 lakhs, Note no.18 (iii) and Note No.18(iv) in respect of trade receivables from Ministry of Defence for ₹925.87 lakhs and ₹4139.92 lakhs, respectively and Note No.21(i)(a) in respect of claims receivable for ₹3181.51 lakhs relating to additional material consumed for rail coaches. The realization of these receivables and the claim depend on the final determination of the amount payable by the customers.	Facts have been elaborated in the Accounts under Note no. 18(i), 18(iii), 18(iv) and 21(i)(a).	Point no. 2 under the section Emphasis of Matter: Note No.22(ii) in respect of accounting of revenue including excise duty for an amount of ₹7244.49 lakhs in respect of FOR destination contracts in accordance with Accounting Standard 9 – Revenue Recognition on the basis of custodian certificates accepting billing and title to the goods.	Facts have been elaborated in the Accounts under Note no. 22(ii).	Point no. 3 under the section Emphasis of Matter: Note No. 14(a) in respect of the amount advanced to MAMC consortium for ₹5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.	Facts have been elaborated in the Accounts under Note no. 14(a).
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Point no. 3 under the section Emphasis of Matter: Note No. 14(a) in respect of the amount advanced to MAMC consortium for ₹5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.	Facts have been elaborated in the Accounts under Note no. 14(a).										



		<p>Point no. 4 under the section Emphasis of Matter:</p> <p>Note No. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables, trade receivables, other loans and advances and deposits.</p> <p>Facts have been elaborated in the Accounts under Note no. 31(G).</p>	
4.	Frequency of observation	<p>Point no. 1 - Relating to Note no. 18(i) repeated from 2010-11 Relating to Note no. 18(iii) repeated from 2011-12 Relating to Note no. 18(iv) appearing for the first time in 2013-14 Relating to Note no. 21(i)(a) appearing for the first time in 2013-14</p> <p>Point no. 2 - Repeated since year 2012-13</p> <p>Point no. 3 - Appearing for the first time in 2013-14</p> <p>Point no. 4 - Repeated since year 2008-09</p>	
5.	To be signed by	<div>  <ul style="list-style-type: none"> CMD </div> <div> <p>- Shri P. Dwarakanath</p> </div> <div>  <ul style="list-style-type: none"> Director (Finance) </div> <div> <p>- Shri Pradeep Swaminathan</p> </div> <div>  <ul style="list-style-type: none"> Auditor of the company </div> <div> <p>- Shri G Vivekananthan, Partner, Padmanabhan Ramani & Ramanujam</p> </div> <div>  </div> <div>  <ul style="list-style-type: none"> Audit Committee Chairman </div> <div> <p>- Shri C Balakrishnan</p> </div>	

FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the Consolidated annual audit report to be filed with the stock exchanges

1.	Name of the Company	M/s BEML Limited											
2.	Annual financial statements for the year ended	31 st March 2014											
3.	Type of Audit observation	<table><tr><th>Emphasis of Matter in the Consolidated Statutory Auditors Report</th><th>Reference of the Notes in the Accounts</th></tr><tr><td>Point no. 1 under the section Emphasis of Matter: Note no.18(i) in respect of trade receivables from Railway Board for ₹499.60 lakhs, Note no.18 (iii) and Note No.18(iv) in respect of trade receivables from Ministry of Defence for ₹925.87 lakhs and ₹4139.92 lakhs, respectively and Note No.21(i)(a) in respect of claims receivable for ₹3181.51 lakhs relating to additional material consumed for rail coaches. The realization of these receivables and the claim depend on the final determination of the amount payable by the customers.</td><td>Facts have been elaborated in the Accounts under Note no. 18(i), 18(iii), 18(iv) and 21(i)(a).</td></tr><tr><td>Point no. 2 under the section Emphasis of Matter: Note No.22(ii) in respect of accounting of revenue including excise duty for an amount of ₹7244.49 lakhs in respect of FOR destination contracts in accordance with Accounting Standard 9 – Revenue Recognition on the basis of custodian certificates accepting billing and title to the goods.</td><td>Facts have been elaborated in the Accounts under Note no. 22(ii).</td></tr><tr><td>Point no. 3 under the section Emphasis of Matter: Note No. 14(a) in respect of the amount advanced to MAMC consortium for ₹5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment; if any.</td><td>Facts have been elaborated in the Accounts under Note no. 14(a).</td></tr><tr><td>Point no. 4 under the section Emphasis of Matter: Note No. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables, trade receivables, other loans and advances and deposits.</td><td>Facts have been elaborated in the Accounts under Note no. 31(G).</td></tr></table>	Emphasis of Matter in the Consolidated Statutory Auditors Report	Reference of the Notes in the Accounts	Point no. 1 under the section Emphasis of Matter: Note no.18(i) in respect of trade receivables from Railway Board for ₹499.60 lakhs, Note no.18 (iii) and Note No.18(iv) in respect of trade receivables from Ministry of Defence for ₹925.87 lakhs and ₹4139.92 lakhs, respectively and Note No.21(i)(a) in respect of claims receivable for ₹3181.51 lakhs relating to additional material consumed for rail coaches. The realization of these receivables and the claim depend on the final determination of the amount payable by the customers.	Facts have been elaborated in the Accounts under Note no. 18(i), 18(iii), 18(iv) and 21(i)(a).	Point no. 2 under the section Emphasis of Matter: Note No.22(ii) in respect of accounting of revenue including excise duty for an amount of ₹7244.49 lakhs in respect of FOR destination contracts in accordance with Accounting Standard 9 – Revenue Recognition on the basis of custodian certificates accepting billing and title to the goods.	Facts have been elaborated in the Accounts under Note no. 22(ii).	Point no. 3 under the section Emphasis of Matter: Note No. 14(a) in respect of the amount advanced to MAMC consortium for ₹5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment; if any.	Facts have been elaborated in the Accounts under Note no. 14(a).	Point no. 4 under the section Emphasis of Matter: Note No. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables, trade receivables, other loans and advances and deposits.	Facts have been elaborated in the Accounts under Note no. 31(G).	
Emphasis of Matter in the Consolidated Statutory Auditors Report	Reference of the Notes in the Accounts												
Point no. 1 under the section Emphasis of Matter: Note no.18(i) in respect of trade receivables from Railway Board for ₹499.60 lakhs, Note no.18 (iii) and Note No.18(iv) in respect of trade receivables from Ministry of Defence for ₹925.87 lakhs and ₹4139.92 lakhs, respectively and Note No.21(i)(a) in respect of claims receivable for ₹3181.51 lakhs relating to additional material consumed for rail coaches. The realization of these receivables and the claim depend on the final determination of the amount payable by the customers.	Facts have been elaborated in the Accounts under Note no. 18(i), 18(iii), 18(iv) and 21(i)(a).												
Point no. 2 under the section Emphasis of Matter: Note No.22(ii) in respect of accounting of revenue including excise duty for an amount of ₹7244.49 lakhs in respect of FOR destination contracts in accordance with Accounting Standard 9 – Revenue Recognition on the basis of custodian certificates accepting billing and title to the goods.	Facts have been elaborated in the Accounts under Note no. 22(ii).												
Point no. 3 under the section Emphasis of Matter: Note No. 14(a) in respect of the amount advanced to MAMC consortium for ₹5568.29 lakhs, valuation of which depends on approval from Ministry Of Defence, viable business plan and consequential assessment of diminution in the value of the investment; if any.	Facts have been elaborated in the Accounts under Note no. 14(a).												
Point no. 4 under the section Emphasis of Matter: Note No. 31(G) regarding pending review/adjustment of old balances and non receipt of confirmation of balances in respect of trade payables, trade receivables, other loans and advances and deposits.	Facts have been elaborated in the Accounts under Note no. 31(G).												

4.	Frequency of observation	<p>Point no. 1 - Relating to Note no. 18(i) repeated from 2010-11 Relating to Note no. 18(iii) repeated from 2011-12 Relating to Note no. 18(iv) appearing for the first time in 2013-14 Relating to Note no. 21(i)(a) appearing for the first time in 2013-14</p> <p>Point no. 2 - Repeated since year 2012-13</p> <p>Point no. 3 - Appearing for the first time in 2013-14</p> <p>Point no. 4 - Repeated since year 2008-09</p>
5.	To be signed by	<div data-bbox="564 432 928 519" data-label="Text">  </div> <ul data-bbox="587 519 959 552" style="list-style-type: none"> • CMD- Shri P. Dwarakanath <div data-bbox="624 628 847 722" data-label="Text">  </div> <ul data-bbox="587 733 1294 766" style="list-style-type: none"> • Director (Finance) - Shri Pradeep Swaminathan <div data-bbox="895 832 1337 1043" data-label="Text">  </div> <ul data-bbox="587 1054 1337 1120" style="list-style-type: none"> • Auditor of the company - Shri G Vivekananthan, Partner, Padmanabhan Ramani & Ramanujam <div data-bbox="826 1306 1166 1378" data-label="Text">  </div> <ul data-bbox="587 1410 1222 1443" style="list-style-type: none"> • Audit Committee Chairman – Shri C Balakrishnan

FORM B

(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the Consolidated annual audit report to be filed with the stock exchanges

1.	Name of the Company	M/s BEML Limited	
2.	Annual financial statements for the year ended	31 st March 2014	
3.	Type of Audit observation	Qualified	
4.	Frequency of observation	Repeated since year 2009-10	
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Basis for Qualified Opinion in the Consolidated Statutory Auditors Report As explained in Note 12, the financial statements of the BEML Midwest Limited, a joint venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, has not been determined.	Management's response There was complete cessation of activities in M/s. BEML Midwest Ltd, the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above the JV company has not prepared its accounts and thus the same could not be consolidated. The impact, if any, on account of non-consolidation is not expected to be material.
		Point no. 1 - Facts have been elaborated in the Accounts under Note no. 12 of Consolidated financial statements and management responses at pageno. 137 of Annual Report 2013-14.	
6.	Additional comments from the board / audit committee chair:	The Consolidation of Accounts can be done only after the JV prepares its accounts after the legal issues are settled. However, the full amount of investment in the JV (₹5.42 crores) is already provided for in the books of BEML Ltd.	

7. To be signed by



- CMD

- Shri P. Dwarakanath




Director (Finance)

- Shri Pradeep Swaminathan



- Auditor of the company - Shri G Vivekananthan, Partner,
Padmanabhan Ramani & Ramanujam



- Audit Committee Chairman – Shri C Balakrishnan