

**Manufacturing Units :**

**Bangalore Complex**  
Tel : 080-25242414  
e-mail : bemlcgmr@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@cld.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 :**

**Moula Ali, Hyderabad**  
Tel : 040-27240873  
e-mail : sh@Zonal.beml.co.in

**Ongole - Service Activity Centre**  
Mobile No. : 9440312607

**Service Activity Centre**  
Kalni - 483501 (M. P.)  
Mobile No. : 9425156473

**Service Centre & Stores**  
Kolkata - 700088  
Tel : 033-24010782  
e-mail : storeskolkotte@rm.beml.co.in

Ref : CS/55AGM/42

03.09.2019

<i>Listing Compliance Department</i> National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex Bandra (East), MUMBAI - 400 051	<i>Listing Compliance Department</i> The BSE Limited P.J.Towers, 26 <sup>th</sup> Floor, Dalal Street, MUMBAI - 400 001
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Dear Sir/Madam,

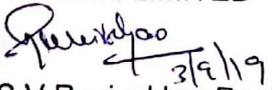
**Sub: Notifying the date of AGM, Book Closure and Annual Report for the year 2018-19 along with notice of AGM - Reg.**

We wish to bring to your kind notice the schedule of the Annual General Meeting of the Company for the financial year 2018-19 as under:

- 55<sup>th</sup> Annual General Meeting of the members of the Company will be held on Thursday, the 26<sup>th</sup> September, 2019 at "Grand Ball Room", Taj West End, No. 25, Race Course Road, High Grounds, Bengaluru - 560 001 at 11.30 hours.
- Register of Members and the Share Transfer books will be closed from 21.09.2019 to 26.09.2019 (both days inclusive) to finalize the list of members eligible for payment of Dividend.
- E-voting on <https://evoting.karvy.com> would commence from 9.00 A.M. on 22.09.2019 and end at 5.00 P.M. on 25.09.2019 for facilitating the members to vote on all the resolutions to be passed at the Annual General Meeting scheduled on 26.09.2019. The cut-off date for ascertaining the eligibility for members for e-voting is 20.09.2019.
- Further, in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith Annual Report of the Company along with Notice of AGM for the Financial Year 2018-19 for your kind reference and records.

Thanking you.

Yours faithfully  
For BEML LIMITED

  
(S V Ravisekhar Rao)  
Company Secretary & Compliance Officer

Encl : As above





: 2 :

- CC :
1. The National Securities Depository Limited,  
Trade World, 5<sup>th</sup> Floor,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel,  
MUMBAI – 400 013
  2. The Central Depository Services (India) Limited,  
Phiroze Jeejeebhoy Towers, 28<sup>th</sup> Floor,  
Dalal Street,  
MUMBAI – 400 023.
  3. M/s. Karvy Fintech Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad - 500 032.



# 55<sup>th</sup>

## Annual Report 2018-19



## Dedicated to Nation Building



# BEML LIMITED

DEFENCE & AEROSPACE | MINING & CONSTRUCTION | RAIL & METRO

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



## CORPORATE VISION, MISSION AND VALUES

### A) Vision

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

### B) Mission

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

### C) Values

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



## **CHAIRMAN'S LETTER**



### **Dear Stakeholder,**

I am pleased to share with you that FY 2018-19 has been yet another year of excellent performance. With a sense of pride, I would like to place on record that your Company has set a new watermark by recording an all-time high revenue of ₹3,481 Crs despite constraints faced in Defence Business. I on behalf of the Board of Directors, present to you the Company's Annual Report for the financial year 2018-19 for your consideration and adoption at the ensuing Annual General Meeting.

### **Performance Highlights**

Your Company has recorded highest ever revenue of ₹3,481 Crs during 2018-19 with a growth of 7% over previous year.

The Rail & Metro business achieved record sales and registered a growth of 48% over the previous year.

During the year ₹5,883 Crs worth orders have been booked. The Order Book of your Company as on 1<sup>st</sup> April, 2019 stood at ₹9,125 Crs, highest ever as against ₹6,723 Crs in the previous year, a growth of 36%.

Employee strength from 7,722 to 7,185, down by 537 (7%) and increased VoP by adopting system integration model through increased outsourcing.

Value added per employee is ₹21.00 lakhs as against ₹19.44 lakhs in the previous year, a jump of 8%.

Employee cost to revenue from operations, down by 2%, after implementing the pay revision for all employees and officers.

## Competition

Amidst stiff competition, 87% of sales was achieved from orders obtained through competition mode which has increased from 83% in the previous year. Maintained a major market share in Dozers and Dumpers market of Mining & Construction equipment.

Rail & Metro segment has catapulted to the top position in Metro market by bagging the prestigious Mumbai Metro order for over ₹3,800 Crs, against stiff competition from World's leading Metro manufacturers. Additionally, bagged order from BMRCL for ₹400 Crs.

## Research & Development

In-house Research & Development (R&D) is continuously engaged in new product development & up-gradation of existing products to meet customer requirements.

During the year, three new products viz., DETC, MEMU, and Track Width Mine Plough (TWMP) have been developed and 22 products have been upgraded.

In-house Designed and Developed Arjun Armoured Repair & Recovery Vehicle is presently under trials and further orders are expected which will result in FE savings for the country. Your Company is also working with industry partners to leverage technology for the benefit of customers such as introducing AI features in machines.

Towards protecting the Intellectual property of the Company, the innovation cell has succeeded in filing 65 patents in the current year covering innovations in product design, manufacturing and operations.

R&D Expenditure: ₹71 Crs.

68% of sales turnover achieved was from in-house R&D developed products up from 56% in the previous year.

## Performance vis-à-vis MoU

In terms of the Memorandum of Understanding (MoU) signed with the Department of Defence Production, Ministry of Defence (MoD), Government of India for the financial year 2018-19, your Company performed very well in key performance parameters.

## Self-Reliance

The Company has strengthened and established as a major player in a domain that is dominated by global players.

BELM epitomises the **'Make In India'** campaign launched by GoI, to enable India become a global economic power.

Your Company has achieved indigenization levels of over 90% in the mainline M&C products, Rail coaches & EMU's, over 80% in High Mobility Vehicles (HMV) and over 60% in Metro cars. Further efforts are underway to reach higher levels.

Launched "Made In India" Products 150T and 190T Dump Trucks successfully during the year 2018-19 against trial order from M/s. Coal India Limited. These electric drive dump trucks were designed and manufactured for the first time in India and are major import substitution products for the Mining sector.

Your Company is working towards 'ZERO IMPORT' policy of GoI and has released EoI for indigenisation of all the items presently being imported.

As part of this, your Company has planned to enter into JVs for local production of defence spares, aggregates, cabin, high value metro car aggregates with renowned MNCs.

Procurement from MSEs was 21% of the total indigenous procurement.

## **IT Initiatives**

Your Company has continued to undertake various initiatives on the Information Technology front to enable business operations. File Life Cycle Management and Video Conferencing are having significant impact on cost reduction and transparency. Implemented workflow enabled processes such as Leave Application Management, Exit Management, HR Connect, IT Connect, IT Support, Open Innovation Portal.

Transparency with our supplier partners was improved through provisioning of on-line bill tracking, display of technical compliance sheet and price details for closed tenders.

## **Digital Initiatives**

As part of digital initiative, implemented auto refund of EMD amount integrated with SRM and SAP platform.

Payments continue to be through on-line transfers.

## **Human Resources**

Structural changes have been initiated by investing in people centric policies to enable the organisation to gear up to face the competitive challenge.

The increased sales during the year is reflective of the conducive working atmosphere and cordial industrial relations. This was due to the best efforts, dedication and co-operation of all executives and employees along with the proactive support from employee unions and other associations.

Senior executives are deputed on continuous basis to prestigious leadership programs in IIMs / XLRI and abroad to keep them updated on various national & international developments.

Implemented On-line Promotion Test (OPT) & New Promotion Policy.

HR Strategy Meet with the Theme 'Together Towards Tomorrow', was organised to strengthen formulation & implementation of HR Strategies based on business needs.

Long Term Settlement of employees and wage revision of the executives was implemented.

## **Outlook**

In Defence segment, major orders are expected for High Mobility Vehicles for various Missile Launcher projects. Orders are also expected for 20T Trailers, Mine Ploughs, Overhauling of ARVs, ARRv etc.

## **Defence & Aerospace**

Your Company is taking up new design & development programmes to meet the acquisition needs of the Indian Army such as Mounted Gun Systems, Combat Vehicles, Bullet Proof Vehicles, Mine Protected Vehicles, Prime mover for Towing Trailer. BEML has been nominated as production agency by DRDO for productionising the De-mining equipments. Defence is also venturing into naval systems for the first time by pursuing in design and indigenous development of Infra-red signature suppression system. BEML is also keen to participate in Defence Offsets in the coming years to boost its technical strength and business opportunities.

As part of 'Make in India' strategy, your Company plans to establish a JV in India for manufacturing Defence spare parts. Also, indigenous development of Cabins for Right hand drive configuration is taken up for increasing indigenisation levels.

On Export front, your Company is in advanced stages of discussions for supply of High Mobility Vehicles to Bangladesh, Thailand and Armenia and is also pursuing opportunity from Mauritius for supply of LAPCs.

Your Company is committed to provide spares and services to Army by entering into Annual Maintenance Contracts (AMC).

In Aerospace segment, your Company is presently manufacturing aggregates for various missiles, Ground support and Ground handling equipments. Aiming for NADCAP certification for the special processes to explore global opportunities.

Continuous efforts are on with various customers for leveraging huge business opportunities available in National Programmes and with global OEMs to harness global business opportunities in civil aviation / under Make in India initiatives / Offset opportunities. Your Company is planning to establish infrastructure at SEZ Aerospace Park, Bengaluru.

## Rail & Metro

In the Metro segment, your Company has been successfully executing metro rail projects in multiple cities including Bengaluru, Kolkata and Mumbai. With the increased thrust accorded by the Government of India for infrastructure creation which includes the urban transportation sector, we foresee exciting opportunities in the metros fuelled through the expansions of the existing networks in the Tier I cities and as well as through creation of new metro networks in Tier II cities. In addition, strategic impetus by the Government to the regional rapid transport systems and sub-urban railways will unlock substantial opportunities to BEML.

In the Rail segment, the development order for supply of LHB coach shells and Bogies has been completed and further orders are expected. Your Company is also executing order for 3-phase Main Line Electrical Multiple Units (MEMUs) and there exists huge future demand for the same. Indian Railways is planning substantial investment on modern rail track maintenance machinery and your Company is keen to address this market through strategic tie-ups.

Indian Railways is looking to improve its operational efficiencies through Medium speed trains, Intercity EMUs, and BEML is positively positioned to capitalize on these opportunities. Starting with the prestigious Mumbai Ahmedabad High Speed Rail Project, we expect the High Speed Rail market in India will see a huge upward trend and your Company is looking to garner the substantial portion of these opportunities through technical tie-ups.

## Mining & Construction

High end equipment such as 150T & 190T Dumpers and 180T Excavator designed & developed by in house R&D have successfully undergone user trials and further orders are expected shortly for 15 nos of Dumpers and 5 nos of Excavators. Design & development of Rope Shovel, Walking dragline and 240T Dumper is under progress.

Your Company has taken up initiatives to launch new products and upgrade existing products to meet emission norms and add new features to match major global competitors. Further, your Company has drawn Roadmap for design and development of AI enabled products.

Coal India's increased Capex outlay and Government's emphasis on infrastructure projects, the demand for Mining & Construction equipment is going up which augurs well for the Company. Strategies are put in place for appointment of distributors PAN India & Tie-ups with Financing agencies to improve market share of construction equipment.

Coal India has expressed willingness for Joint development of Continuous Miners and Surface Miners as part of "Make In India" initiative. Your Company is scouting for technology partners of international repute for Continuous Miners, Surface Miners, Longwall Mining and Telematics & autonomous mining towards business expansion.

## Exports

On export front, strategies have been adopted for improving Global presence through Region-wise Strategy, Appointment of Distributors (10 distributors have been appointed in SAARC, ASEAN, AFRICA and MIDDLE EAST countries), LoC opportunities, Collaboration with other DPSUs, Participation in Exhibitions etc. Your Company is focusing on Africa, Middle East, SAARC countries viz. Sri Lanka, Nepal, Bangladesh & Mauritius for export of Mining & Construction equipment, Defence equipment, Rail Coaches, EMUs & Metro Cars.

Your Company looks to the future with confidence, driven by an inspiring vision, values of trusteeship & vitality powered by a dedicated world class team of human resources. Our aim is to march towards becoming a Navratna Company in the near future.

A CAPEX of ₹64 Crs was incurred during the year to upgrade and augment the existing production facilities.

Your Company is committed to maintain the highest standards of Corporate Governance in all spheres of Business activities carried out and continues to lay strong emphasis on transparency, accountability and integrity. A detailed report on compliance of the guidelines on Corporate Governance under the listing regulations and the guidelines issued by the Department of Public Enterprises for CPSEs form part of the Board's Report.

Several vigilance activities were carried out in a holistic manner covering prevention, detection and enforcement viz., linking of ERP system to SRM platform, stores inventory management, on-line vigilance clearance, on-line submission of Annual Property Returns.

I have full confidence that with the dedicated, committed and proven strength of team BEML, your Company is sure of reaching further heights in 2019-20 and beyond.

## CSR & Sustainable Development

Social Responsibility and Sustainability are an integral part of the Company's business strategy. Your Company has brought in a wider perspective to Corporate Social Responsibility and Sustainability through various programs on health, education, Swachh Bharat Campaign, skill-building, reducing carbon emissions etc.

Your Company has contributed generously to Karnataka & Kerala Chief Ministers Relief Fund and Prime Minister's Relief Funds towards flood relief work.

In realizing the goal of 'Go Green', your Company has installed 23MW Wind Mill Projects and 250KWp Solar Power units. With this and other initiatives, 75% of energy requirement of the Company is being met through "Green Energy" resulting in mitigation of carbon footprint.

## Customer Satisfaction

Customer Relationship Management System app (BEML CARES) was launched to enable direct on-line logging of complaints through Hand held devices. This enables customers to log their complaint and monitor the status through smart phone. System also enables allocation of service resources and is interfaced with ERP system, for centralized tracking and generation of reports.

Every part of our strategy is dedicated to ensure reliability of supplied equipment, lowering owning and operating costs and provide highest customer satisfaction.

## Awards

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

- Bagged 'PSE Excellence Award 2017' from Indian Chamber of Commerce (ICC) for outstanding contribution in steering the Company to greater heights.
- Metro Team won "International Quality Gold Award – 2018" for case study on 'Minimizing Weld distortion in Metro Bogie Frame Manufacturing'.
- Received 'Top Challengers Award 2018' for excellent performance during FY 2017-18 and "Best Mining Equipment Seller Award" in Crawler Equipment - Dozers and Rigid Dump Truck segment for mining sectors.
- Bagged "CII Design Excellence Award 2018" for 'Design and Development of BD65 Torque Converter'.
- Received 'Governance Now' 6th PSU Award under Resilient Growth (Miniratna-1) category for its achievement and commitment to raise the standard in the public sectors.

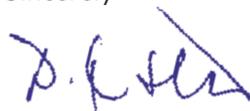
## Acknowledgements

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

I also wish to take this opportunity to thank my fellow Board members on the Board for their invaluable support.

I would like to extend my grateful appreciation to all Unions, Associations, Employees and Executives for their untiring efforts and contribution. I would like to conclude by thanking our valuable customers, suppliers and other stakeholders for their trust and support.

Sincerely



**Deepak Kumar Hota**  
Chairman & Managing Director  
Bengaluru

## **BOARD OF DIRECTORS**



**Shri Deepak Kumar Hota**  
Chairman & Managing Director  
and Director (HR) Adtl. Charge



**Dr. Md. Nazmuiddin**  
Government Nominee Director



**Shri R H Muralidhara**  
Director (Defence Business)



**Shri Suraj Prakash**  
Director (Finance)



**Shri Suresh S Vastrad**  
Director (Rail & Metro Business)



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



**Shri Sudhir Kumar  
Beri**  
Independent Director



**Shri M G Raghuvier**  
Independent Director



**Shri B P Rao**  
Independent Director



**Dr. Gurmohinder  
Singh**  
Independent Director



**Shri Arvind Kumar  
Arora**  
Independent Director

## Brief Profile of Board of Directors



**Shri Deepak Kumar Hota**  
Chairman & Managing Director (CMD)  
and Director (HR) Addl. Charge

Shri Deepak Kumar Hota is an Economics Graduate from St. Stephens College, New Delhi with a Masters Degree in Personnel Management & Industrial Relations from XLRI, Jamshedpur.

He started his career in HPCL, where he headed the entire HR function of Refinery and Marketing organization across India and went on to become the only HR professional to head the HPCL's Marketing Research & Planning function. Subsequently, he took over as CEO of HPCL Bio-Fuels.

He joined BEML as Director (HR) in July 2013 and spearheaded various transformational HR initiatives such as building Leadership pipeline, competency framework, succession planning etc.

Shri Deepak Kumar Hota with his rich experience in HR & business operations rose to the position of Chairman & Managing Director (CMD), BEML in July 2016. As CMD, he took defining steps enabling BEML to gain competitive edge in the intense competitive business environment. Since the time he assumed charge as CMD, he is also holding additional charge as Director (HR).

His astute business acumen has catapulted BEML to the top position in Metro coaches market against stiff competition from world's leading metro manufacturers. His untiring efforts resulted in the Company achieving the highest ever Sales. He has also been principally responsible for the use of IT as a major enabler across BEML's businesses.

Shri Deepak Kumar Hota, during his illustrious career has won several accolades and awards such as NHRD Award for Most Seasoned HR Professional of the year 2014, Most successful HR & CEO 2016 by NIPM, XLRI Distinguished Alumnus Award (Practicing Manager) 2016, ICC PSE Excellence Award 2017, CEO with HR Orientation Award by World HRD Congress 2018, FORE-TOP RANKERS Exemplary Leadership Award 2018 and Top Challengers Award - 2017-18 at Construction World Global Awards 2018.



**Dr. Md. Nazmuddin**  
Government Nominee Director

Dr. Md. Nazmuddin is a Post-graduate in Economics and also holds M.Phil and Ph.D in Economics from Jawahar Lal Nehru University, New Delhi. He joined Indian Economic Service (IES) during 1993. Dr. Nazmuddin has been appointed as Government Nominee Director on the Board of BEML Limited w.e.f. 28.02.2019. Presently posted as Economic Advisor in the Ministry of Defence and handling the work related to International Cooperation, Offsets and Policy Related issues of the Department. During his service he handled matters relating to formulation and implementation of policy for development of Transport Sector, Textiles Sector, Handloom Sector and Telecom Sector. He also published various articles in journals, books and paper presentations in seminars and conferences.



**Shri R H Muralidhara**  
Director (Defence Business)

Shri R H Muralidhara is a graduate in Mechanical Engineering from Mysore University. He joined the Company in 1983 and assumed charge as Director (Defence Business) of the Company on 01.03.2016. Prior to assuming the charge of Director (Defence Business), he was Chief General Manager, Defence Production. He has rich experience in different functional areas of R&D, Quality, Planning, Production in Defence and Mining & Construction Businesses.



**Shri Suraj Prakash**  
Director (Finance)

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



**Shri Suresh S Vastrad**  
Director (Rail & Metro Business)

Shri Suresh S Vastrad is a graduate in Mechanical Engineering from BVB College of Engineering and Technology, Hubli. He assumed charge as Director (Rail & Metro Business) of the Company on 29.11.2018. Prior to assuming the charge as Director (Rail & Metro Business), he was Executive Director (Rail & Metro Business). Before joining BEML, he served for 24 years in HMT Machine Tools Ltd. He has rich experience in all the areas of a business activities including Materials Management, Methods Planning, Time & Cost estimation, Production, Quality, Vendor Development, Marketing Planning, Sales and Corporate Planning.



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

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



**Shri Sudhir Kumar Beri**  
Independent Director

Shri Sudhir Kumar Beri is an officer of 1975 batch of Indian Ordnance Factories Services. Shri Beri assumed charge as Independent Director of the Company w.e.f. 11.12.2015. He has about 37 years of rich and varied experience in the field of Management / Administration. He worked as General Manager (CEO) of Ordnance Factory, Tiruchirapalli and Small Arms Factory, Kanpur. He was elevated to the post of Member, Ordnance Factory Board (OFB) in December 2009. As Member in-charge of an Operating Division, he led at corporate level 10 production units and a Greenfield Project. He was elevated as Director General Ordnance Factories (DGOF) and subsequently appointed as Chairman, OFB in April 2012. On Central Deputation for eight years, he worked as Welfare Commissioner (HQ) at Deputy Secretary level in Ministry of Labour and also as Chief Vigilance Officer in a Central Public Sector Undertaking.



**Shri M G Raghuvver**  
Independent Director

Shri M G Raghuvver is a Science Graduate and a Chartered Accountant. Shri Raghuvver assumed charge as Independent Director of the Company w.e.f. 02.12.2015. He retired as Director (Finance) of M/s. Bharat Electronics Limited in the year 2012. He has wide range of experience of 35 years in the field of financial management and accounting in manufacturing sector including VISL and Tungabhadra Steel Products. He has gained rich experience in dealing with all the stakeholders like bankers, tax authorities, ministries at both state and central government, customers, vendors, foreign collaborators, financial institutions, trade unions. He has travelled widely and also trained in General and Advanced Financial Management at premium institutions in India and abroad.



**Shri B P Rao**  
Independent Director

Shri B P Rao is a Commerce Graduate and a Chartered Accountant of 1976 batch from the Institute of Chartered Accountants of India and also a Law Graduate. Shri Rao assumed charge as Independent Director of the Company w.e.f. 02.12.2015. He is also the Chairman of the Board of M/s. BgSE Properties and Securities Limited and Director on the Boards of Reliance Computers Private Limited and Numaligarh Refinery Limited. He has over 36 years of experience in the field of accountancy, audit, taxation, due diligence, consultation and specialized in the drafting of Memorandum of Understanding and Joint Venture agreements. He was the President of the Institute of Chartered Accountants of India during 1994-95. He represented ICAI in the council of International Federation of Accountants New York from 1995 to 1997.



**Dr. Gurmohinder Singh**  
Independent Director

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



**Shri Arvind Kumar Arora**  
Independent Director

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



Shri Deepak Kumar Hota, CMD BEML met the Hon'ble Raksha Mantri, Shri Rajanath Singh at New Delhi and congratulated him.

Shri Ajay Kumar, IAS, Secretary Defence, GoI inspecting BEML capabilities during his maiden visit to BEML's Bengaluru complex.



Inauguration of Bio-gas Plant at Bengaluru Complex in the presence of Shri Subhash Chandra, IAS, Secretary Defence Production, GoI.

Gen. Bipin Rawat, Chief of Army Staff in discussion with BEML officials during his visit to BEML Pavilion at Aershow 2019.



Shri Ajay Kumar, IAS, Secretary Defence, GoI, Shri Deepak Kumar Hota, CMD BEML, and other officials at the Russia Defence Expo 2018 in Moscow.

Shri Amit Mitra, Hon'ble Finance Minister, West Bengal, inaugurating BEML stall at International Mining & Machinery Exhibition (IMME) held at Kolkata from 31st Oct.-03rd Nov, 2018.





Signing of contract agreement between BEML Limited & DMRC Limited on 09.12.2019 for supply of Metro car-Rolling Stock to MMRDA.

Shri RA Rajeev, IAS, Commissioner, MMRDA seen with Shri Deepak Kumar Hota, CMD BEML, and other officials during his visit to BEML Bengaluru Complex.



Empowering women - Smt. Sreela Roy Hota, Chairperson BEML Ladies Club lighting the lamp to inaugurate The International Women's Day at BEML.

BEML's contribution to Karnataka Chief Minister's Relief Fund. CMD with Hon'ble Chief Minister of Karnataka.



BEML's contribution to Odisha Chief Minister's Relief Fund for flood relief. CMD with Hon'ble Chief Minister of Odisha.

BEML's contribution to Kerala Chief Minister's Relief Fund. CMD with Hon'ble Chief Minister of Kerala.





BEML and L&T Signed MOU to address the need of Indian Defence market.

BEML open depot at Jodhpur to reach out Indian Army.



BEML signed MoU with Lockheed Martin to explore manufacturing of support equipment opportunities in Aerospace.

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BEML Stall at Aeroshow 2019



Shri K. Sivan, Chairman ISRO in discussion with BEML Officials at the BEML Pavilion, Aeroshow 2019



Shri Deepak Kumar Hota, CMD with other officials at African Aerospace and Defence Expo 2019 held from 19th - 23rd Sept. 2018 at Pretoria, South Africa.



BEML flagged off indigenously developed 150 T Electric Dump Truck to SECL.



Committed to welfare of Soldiers - Donating a School Bus to Army Welfare Association

## FINANCIAL HIGHLIGHTS

Sl. No	Particulars	Units	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>A</b>	<b>Our earnings</b>											
	Gross Revenue	₹ Lakhs	<b>346186</b>	327728	280682	314769	264532	318115	309164	350432	342957	343268
	Export	₹ Lakhs	<b>1920</b>	2814	3016	27523	48433	8105	19813	14405	21750	15625
	Total Gross Revenue	₹ Lakhs	<b>348106</b>	330542	283698	342292	312965	326220	328977	364837	364707	358893
	Less: Value of Consortium supplies	₹ Lakhs	<b>0</b>	0	232	13859	13048	14203	29090	72779	82091	58302
	Revenue net of Consortium Supplies	₹ Lakhs	<b>348106</b>	330542	283466	328433	299917	312017	299887	292058	282616	300591
	Less: Excise Duty	₹ Lakhs	<b>0</b>	5987	33585	30372	18998	20866	18996	19409	17392	13641
	Revenue from operations	₹ Lakhs	<b>348106</b>	324555	249881	298061	280919	291151	280891	272649	265224	286950
	Change in WIP/SIT	₹ Lakhs	<b>(1423)</b>	(1866)	12509	(24371)	(20926)	(9706)	6992	42882	14800	15099
	Value of Production (with Revenue from Operations)	₹ Lakhs	<b>346683</b>	322689	262390	273690	259993	281445	287883	315531	280024	302049
	Value of Production (with Gross Revenue)	₹ Lakhs	<b>346683</b>	328676	296207	317921	292039	316514	335969	407719	379507	373992
<b>B</b>	<b>Our outgoings</b>											
	Cost of materials	₹ Lakhs	<b>197062</b>	172544	134573	147724	137368	161734	172427	184633	165880	180084
	Employee Remuneration & Benefits	₹ Lakhs	<b>80193</b>	80850	78072	75453	76911	71676	73940	72508	68315	55514
	Interest	₹ Lakhs	<b>5939</b>	4809	4780	4903	7051	11046	14099	8843	6127	4893
	Depreciation & amortisation exp.	₹ Lakhs	<b>6958</b>	6424	6198	5577	5214	5356	5025	4392	3364	3222
	Other Expenses	₹ Lakhs	<b>45747</b>	50160	68768	66829	57720	59520	64992	65310	55330	50637
<b>C</b>	<b>Our savings</b>											
	PBDIT	₹ Lakhs	<b>25993</b>	27612	20807	18272	12956	17310	6891	19881	28166	40070
	PBIT	₹ Lakhs	<b>19035</b>	21188	14609	12695	7742	11954	1866	15489	24802	36848
	PBT	₹ Lakhs	<b>13096</b>	16379	9829	7792	691	908	(12233)	6646	18675	31955
	PAT	₹ Lakhs	<b>6349</b>	12945	8444	6366	676	468	(7987)	5725	14976	22285
	Other Comprehensive Income (net of tax)	₹ Lakhs	<b>1321</b>	7066	1189	1,051	-	-	-	-	-	-
	Total Comprehensive income	₹ Lakhs	<b>5028</b>	5879	7255	5315	676	468	(7,987)	5,725	14,976	22,285
<b>D</b>	<b>Own capital</b>											
	Equity	₹ Lakhs	<b>4177</b>	4177	4177	4177	4177	4177	4177	4177	4177	4177
	Other Equity	₹ Lakhs	<b>214547</b>	215846	213978	208728	203914	203807	203826	213031	209727	199607
<b>E</b>	<b>Loan capital</b>											
	Loans from Banks	₹ Lakhs	<b>9751</b>	13467	11285	19245	24553	54110	85181	83335	67419	75305
	Other loans	₹ Lakhs	<b>30445</b>	31055	32286	37515	39498	41481	40959	12525	14091	15550

## FINANCIAL HIGHLIGHTS

Sl. No	Particulars	UNITS	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>F</b>	<b>Financial Statistics</b>											
	Net worth	₹ Lakhs	<b>218724</b>	220023	218155	212905	208091	207984	208003	217208	213904	203639
	Property, Plant & Equipment and Intangible assets (at cost)	₹ Lakhs	<b>85900</b>	75597	68294	59789	47230	120062	118377	112845	94543	79871
	Accumulated depreciation & amortisation	₹ Lakhs	<b>23913</b>	17312	11208	5344	-	70193	65303	59923	55590	52484
	Net Block	₹ Lakhs	<b>61987</b>	58285	57086	54445	47230	49869	53074	52922	38953	27387
	Inventories	₹ Lakhs	<b>170227</b>	179951	197446	169628	192117	215210	245620	242241	188891	165300
	Trade Receivables	₹ Lakhs	<b>161305</b>	165081	144137	124043	124182	115671	122452	100598	128840	136074
	Working capital	₹ Lakhs	<b>216523</b>	212084	212666	202534	202954	198422	206756	205462	162399	259646
	Capital Employed	₹ Lakhs	<b>278510</b>	270369	269752	256979	250184	248291	259830	258384	201352	287033
	Value added	₹ Lakhs	<b>149621</b>	150145	127817	125966	122625	119711	115456	130898	114144	121965
	Final Dividend-Excl. Tax *	₹ Lakhs	<b>3332</b>	3332	1666	416	416	1041	2082	4164	4164	4997
	Interim Dividend-Excl. Tax	₹ Lakhs	<b>1874</b>	-	-	-	-	-	-	-	-	-
	R&D Expenditure	₹ Lakhs	<b>7072</b>	10204	7808	6663	8292	8623	9436	9779	9433	9720
	No. of Employees	Nos	<b>7185</b>	7722	8221	8827	9599	10328	11005	11644	11798	12052
<b>G</b>	<b>Financial Ratios</b>											
	Revenue from operations per Employee	₹ Lakhs	<b>48.45</b>	42.03	30.40	33.77	29.27	28.19	25.52	23.42	22.48	23.81
	Value Added per Employee	₹ Lakhs	<b>20.82</b>	19.44	15.55	14.27	12.77	11.59	10.49	11.24	9.67	10.12
	PBT to Revenue from operations	%	<b>3.76</b>	5.05	3.93	2.61	0.25	0.31	(4.36)	2.44	7.04	11.14
	PBIT to Capital employed	%	<b>6.83</b>	7.84	5.42	4.94	3.09	4.81	0.72	5.99	12.32	12.84
	PAT to Net worth	%	<b>2.90</b>	5.88	3.87	2.99	0.32	0.23	(3.84)	2.64	7.00	10.94
	Debt Equity ratio	Times	<b>0.18</b>	0.20	0.20	0.27	0.31	0.46	0.61	0.44	0.38	0.45
	EPS	(₹)	<b>15.25</b>	31.08	20.28	15.29	1.62	1.12	(19.18)	13.75	35.96	53.51
	Final Dividend*	%	<b>80.00</b>	80.00	40.00	10.00	10.00	25.00	50.00	100.00	100.00	120.00
	Interim Dividend	%	<b>45.00</b>	-	-	-	-	-	-	-	-	-
	Revenue from operations to Capital employed	%	<b>124.99</b>	120.04	92.63	115.99	112.28	117.26	108.11	105.52	131.72	99.97

\* For FY 2018-19 Board has recommended a final dividend of ₹2.50/- per equity share (i.e.,25%), this would result in a cash outflow of approximately ₹1041 Lakhs in FY 2019-20, subject to the approval of shareholders at the Annual General Meeting.

## **NOTICE**

**NOTICE** is hereby given that the 55<sup>th</sup> Annual General Meeting of BEML Limited will be held on **Thursday, the 26<sup>th</sup> September, 2019 at 11.30 hours** at '**Grand Ballroom**' Taj West End, #25, Race Course Road, High Grounds, Bengaluru-560 001 to transact the following business:

### **I. ORDINARY BUSINESS**

1. To consider and if thought fit, to pass the following resolution for audited standalone and consolidated financial statement, reports of Board of Directors and auditors thereon as an Ordinary Resolution:

"RESOLVED THAT the Audited Standalone Financial Statement of the Company for the year ended 31.03.2019 and the Reports of the Board of Directors and Auditors thereon, and also the Audited Consolidated Financial Statement of the Company as on that date and Report of Auditors thereon, be and are hereby received, considered and approved."

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

"RESOLVED THAT, in addition to Interim dividend of ₹4.50/- per equity share paid, final dividend of ₹2.50/- per equity share (aggregating to ₹7.00/- per equity share for FY 2018-19), as recommended by the Board of Directors be and is hereby declared and the same be paid to those shareholders whose names appear on the Register of Members of the Company as on the date of Book Closure and beneficial owners under demat form as per the list furnished by the Depositories based on the said date of Book closure."

3. To consider and if thought fit, to pass the following resolution for re-appointment of Chairman & Managing Director as an Ordinary Resolution:

"RESOLVED THAT Shri D K Hota (*DIN-06600812*), who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as Chairman & Managing Director of the Company."

4. To consider and if thought fit, to pass the following resolution for re-appointment of Director (Defence Business) as an Ordinary Resolution:

"RESOLVED THAT Shri R H Muralidhara (*DIN-07363484*), who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as Director (Defence Business) of the Company."

5. To consider and if thought fit, to pass the following resolution for fixation of remuneration of Statutory Auditors for the year 2019-20:

"RESOLVED THAT pursuant to the provisions of Section 142 of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to fix the remuneration and other terms and conditions of the Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the year 2019-20."

### **II. SPECIAL BUSINESS**

6. To consider and if thought fit, to pass the following resolution for Appointment of Director (Rail & Metro Business) as an Ordinary Resolution:

"RESOLVED THAT the appointment of Shri Suresh S Vastrad (*DIN - 06725629*), as Director (Rail & Metro Business) of the Company with effect from 29.11.2018 on the terms and conditions as stipulated by the Government of India, be and is hereby approved."

7. To consider and if thought fit, to pass the following resolution for Appointment of Government Nominee Director as an Ordinary Resolution:

"RESOLVED THAT the appointment of Dr. Md. Nazmuddin (*DIN - 08377468*), as Government Nominee Director of the Company with effect from 28.02.2019 on the terms and conditions as stipulated by the Government of India, be and is hereby approved."

8. To consider and if thought fit, to pass the following resolution for Appointment of Independent Director as an Ordinary Resolution:

"RESOLVED THAT the appointment of Shri Arvind Kumar Arora (*DIN - 07409509*), as Independent Director of the Company with effect from 10.07.2019 on the terms and conditions as stipulated by the Government of India, be and is hereby approved."

9. To consider and if thought fit, to pass the following resolution for Ratification of Remuneration to Cost Auditors as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹1,21,000/- inclusive of GST and out-of-pocket expenses, payable to M/s. R M Bansal

and Co, Bengaluru, Cost Auditors, as duly appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the FY 2019-20, be and is hereby ratified.”

By order of the Board  
For BEML Limited

Sd/-

Bengaluru  
26.08.2019

S V Ravi Sekhar Rao  
Company Secretary

## NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company.
2. A proxy shall not act on behalf of more than 50 members or represent the members holding more than 10% of the total voting rights.
3. A proxy shall not have the right to speak at the AGM.
4. The prescribed proxy form is enclosed. The proxy form, to be valid, should be deposited at the Registered Office of the Company 48 hours before commencement of the AGM i.e. 11.30 Hours on 24.09.2019.
5. Member/Proxy holder must bring the Attendance Slip to the AGM and hand it over at the registration counter as duly signed and executed.
6. Members are requested to bring this Annual Report to the AGM.
7. Pursuant to the provisions of Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'Listing Regulations'] permits companies to send documents like Notice of AGM, Annual Report and other documents through electronic means to its members at their registered email addresses. Accordingly, the Annual Report including Notice is being sent in electronic form to the shareholders whose registered e-mail IDs are available with the Company / Registrar and Share Transfer Agent (STA). These documents will also be available on the website of the Company [www.bemlindia.in](http://www.bemlindia.in). Printed copies of Annual Report including Notice of Annual General Meeting for the year ended 31.03.2019

would be dispatched to those Members, whose Depository Participant accounts do not contain the email address. The physical copies of relevant documents including audited financial statement of the subsidiary companies will be made available at the Company's registered office at Bengaluru for inspection between 9.00 A.M. to 5.45 P.M. on working days (barring Saturday and Sunday) prior to the Annual General Meeting.

8. Members may visit the website of the Company [www.bemlindia.in](http://www.bemlindia.in) for more information on the Company.
9. Queries on accounts and operations of the Company, if any, may please be sent to the Company at least ten days in advance of the AGM so that the replies may be made available at the AGM.
10. Members are requested to address all correspondence in relation to share matters to the Company's Share Transfer Agent (STA), M/s. Karvy Fintech Private Limited at the following address:

**M/s. Karvy Fintech Private Limited**

Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad - 500 032.  
Ph: 040-67161526, Fax: 040-23001153  
E-mail: [nageswara.raop@karvy.com](mailto:nageswara.raop@karvy.com),  
[einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvyfintech.com](http://www.karvyfintech.com)

11. Investor Grievance Redressal:

The Company has an exclusive page for lodging complaints online through 'Online Investor Complaints' which enables investors to register their complaints, if not adequately addressed by the STA.

12. 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.
13. Pursuant to SEBI circular ref SEBI/HO/MIRSD/DOP1/CIR/ P/2018/73 dated 20.04.2018, share-holders whose ledger folios do not have or having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the details to the STA / to the company for registration in the folio, so that investments held by the shareholders will be fully protected with proper KYC compliance.
14. Further, pursuant to amendment notified in the Listing Regulations on 08.06.2018 which came into force on 05.12.2018, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.
15. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.
16. Pursuant to Regn. 36(3) of the Listing Regulations, the brief resume / profile of the Directors eligible for re-appointment is attached hereto.
17. In terms of Regn. 42 of the Listing Regulations, the Register of Members and Share Transfer Book will remain closed from 21.09.2019 to 26.09.2019 (both days inclusive) for the purpose of the AGM.
18. Member(s) can opt for either voting through electronic means or physical voting at the Annual General Meeting. Any member, who has exercised e-voting can participate in the Annual General Meeting. However, he/she shall not be allowed to vote in the meeting again and his/her earlier e-voting shall be treated as final.
19. Pursuant to Regn. 44 of the Listing Regulations, e-voting facility is provided to all the members on the web-site at <https://evoting.karvy.com>. E-voting can be exercised by the members from 9.00 A.M. on 22.09.2019 to 5.00 P.M. on 25.09.2019. A distinctive user id and password to individual member are e-mailed / enclosed to the annual report. Necessary instructions on e-voting facility may be accessed on the web-site with the said user ID and password. E-voting is in addition to the voting by poll at the AGM. Cut-off date for members to be eligible for e-voting is 20.09.2019.
20. The dividend declared at the AGM will be paid on or after 02.10.2019, 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 20.09.2019. And in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as at the closure of that date.
21. The details of unpaid dividends with corresponding due dates for transfer to the Investor Education and Protection Fund (IEPF) are as follows:

<b>Dividend for the financial year</b>	<b>Date of Declaration</b>	<b>Unclaimed as on 31.03.2019 (₹ in lakhs)</b>	<b>Due for transfer on</b>
2011-12	14.09.2012	7.10	20.10.2019
2012-13	13.09.2013	4.34	19.10.2020
2013-14	18.09.2014	2.00	24.10.2021
2014-15	15.09.2015	1.60	21.10.2022
2015-16	15.09.2016	6.26	21.10.2023
2016-17	21.09.2017	10.80	27.10.2024
2017-18	26.09.2018	11.91	01.11.2025
2018-19 (Interim)	21.03.2019	861.50	26.04.2026
<b>Total</b>		<b>905.51</b>	<b>--</b>

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

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

### Item No.6, 7 & 8 - Appointment of Directors

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

- (i) Shri Suresh S Vastrad, Executive Director (Rail & Metro Business), Bengaluru Complex, has been appointed as Director (Rail & Metro Business) of the Company vide MoD letter No.8(5)/2016-D(BEML) dated 28.11.2018. He took charge on 29.11.2018.
- (ii) Dr. Md. Nazmuddin, Economic Advisor, Department of Defence Production, Ministry of Defence, has been appointed as Government Nominee Director of the Company vide MoD letter No.10(2)/2011-D(BEML) dated 25.02.2019 and his appointment had taken effect from 28.02.2019.
- (iii) Shri Arvind Kumar Arora, former Director General (Personnel), Military Engineer Services, Government of India has been appointed as Independent Director of the Company vide MoD letter No.8(2)/2014-D(BEML) dated 10.07.2019.

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

Further, in terms of Regulation 36(3) of the Listing Regulations, a brief profile of Shri Suresh S Vastrad, Dr. Md. Nazmuddin and Shri Arvind Kumar Arora is given as under:

#### **Shri Suresh S Vastrad, Director (Rail & Metro Business)**

Shri Suresh S Vastrad (*DIN - 06725629*) is a graduate in Mechanical Engineering from BVB College of Engineering and Technology, Hubli. He assumed charge as Director (Rail & Metro Business) of the Company on 29.11.2018. Prior to assuming the charge as Director (Rail & Metro Business), he was Executive Director (Rail & Metro Business). Before joining BEML, he served for 24 years in HMT Machine Tools Ltd. He has rich experience in all the

areas of business activities including Materials Management, Methods Planning, Time & Cost estimation, Production, Quality, Vendor Development, Marketing Planning, Sales and Corporate Planning.

#### **Dr. Md. Nazmuddin, Government Nominee Director**

Dr. Md. Nazmuddin (*DIN - 08377468*) has been appointed as Government Nominee Director of the Company and Member on the Board of BEML Limited w.e.f 28.02.2019. Dr. Nazmuddin is a Postgraduate in Economics and also holds M.Phil and Ph.D in Economics from Jawahar Lal Nehru University, New Delhi. He joined Indian Economic Service (IES) during 1993. Presently posted as Economic Advisor in the Ministry of Defence and handling the work related to International Cooperation, Offsets, Policy related issues of the Department. During his service he handled matters relating to formulation and implementation of policy for development of Transport Sector, Textiles Sector, Handloom Sector and Telecom Sector. He also published various articles in journals, books and paper presentations in seminars and conferences.

#### **Shri Arvind Kumar Arora, Independent Director**

Shri Arvind Kumar Arora (*DIN - 07409509*) has been appointed as Independent Director of the Company and Member on the Board of BEML Limited w.e.f. 10.07.2019. Shri Arora is M.Tech from IIT Delhi and M.Phil from National Defence College (University of Madras). He has served in various positions in Military Engineer Services, Government of India for more than 36 years and retired as Director General (Personnel). His is specialized in Public Works, Infrastructure Planning and Management, Public Admin, Strategic Works, HR Management and Civil Engineering. He is also an Independent External Monitor (IEM) for Department of Telecom and HLL Infratech Services Limited.

Shri Suresh S Vastrad, Dr. Md. Nazmuddin and Shri Arvind Kumar Arora do not hold any equity shares in the capital of the Company and also not having any inter-se relationship among the Directors of the Company. The said Directors, being the appointees concerned, are considered to be interested in the proposed resolutions. The Board commends the resolutions for the approval of the members.

**Item No. 9 - Ratification of Remuneration to Cost Auditors:**

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment of M/s. R M Bansal and Co, Bengaluru, Cost Accountants, upon annual remuneration of ₹1,21,000/- inclusive of GST and out-of-pocket expenses to conduct the audit of the cost records of the Company for the financial year 2019-20.

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

Accordingly, the Members are requested to consider and ratify the remuneration payable to the Cost Auditors for the year 2019-20 as set out in the resolution for the aforesaid services.

The Board commends the proposed Ordinary Resolution for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the above proposed resolutions.

By order of the Board  
 For BEML Limited

*Sd/-*

Bengaluru  
 26.08.2019

S V Ravi Sekhar Rao  
 Company Secretary

**Details of Directors seeking re-appointment as required under Regn. 36(3) of the Listing Regulations:**

**Shri D K Hota, Chairman & Managing Director**

Shri Deepak Kumar Hota is an Economics Graduate from St. Stephens College, New Delhi with a Masters Degree in Personnel Management & Industrial Relations from XLRI, Jamshedpur.

He started his career in HPCL, where he headed the entire HR function of Refinery and Marketing organization across India and went on to become the only HR professional to head the HPCL's Marketing Research & Planning function. Subsequently, he took over as CEO of HPCL Bio-Fuels.

He joined BEML as Director (HR) in July 2013 and spearheaded various transformational HR initiatives such as building Leadership pipeline, competency framework, succession planning etc.

Shri Deepak Kumar Hota with his rich experience in HR & business operations rose to the position of CMD, BEML, in July 2016. As CMD, he took defining steps enabling BEML to gain competitive edge in the intense competitive business environment. Since the time he assumed charge as CMD, he is also holding additional charge as Director (HR).

His astute business acumen has catapulted BEML to the top position in Metro coaches market against stiff competition from world's leading metro manufacturers. His untiring efforts resulted in the Company achieving the highest ever Sales. He has also been principally responsible for the use of IT as a major enabler across BEML's businesses.

Shri Deepak Kumar Hota, during his illustrious career has won several accolades and awards such

as NHRD Award for Most Seasoned HR Professional of the year 2014, Most successful HR & CEO 2016 by NIPM, XLRI Distinguished Alumnus Award (Practicing Manager) 2016, ICC PSE Excellence Award 2017, CEO with HR Orientation Award by World HRD Congress 2018, FORE-TOP RANKERS Exemplary Leadership Award 2018 and Top Challengers Award - 2017-18 at Construction World Global Awards 2018.

**Shri R H Muralidhara, Director (Defence Business)**

Shri R H Muralidhara is a graduate in Mechanical Engineering from Mysore University. He joined the Company in 1983 and assumed charge as Director (Defence Business) of the Company on 01<sup>st</sup> March, 2016. Prior to assuming the charge of Director (Defence Business), he was Chief General Manager, Defence Production. He has rich experience in different functional areas of R&D, Quality, Planning, and Production in Defence and Mining & Construction Businesses.

Further, he is the member of Risk Management Committee, Corporate Social Responsibility and Sustainability Committee, Share Certificate Committee and Procurement Committee of the Company.

He is also the Member of the Board of M/s. MAMC Industries Limited and M/s. BEML Midwest Limited.

Shri D K Hota and Shri R H Muralidhara, do not hold any equity shares in the capital of the Company and also not having any inter-se relationship among the directors of the Company.

## BOARD'S REPORT

Your Board of Directors has pleasure in presenting the 55<sup>th</sup> Annual Report along with Audited Financial Statements for the Financial Year 2018-19 of the Company for the year ended 31.03.2019.

### Financial results:

(₹ Crores)

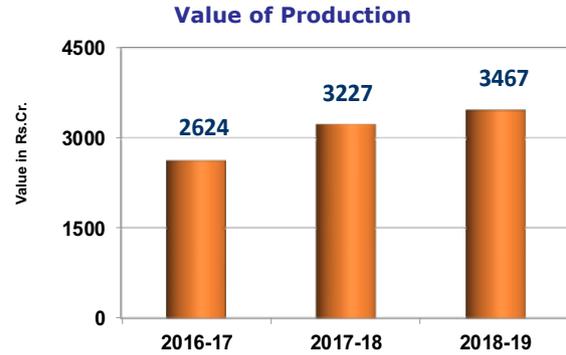
Particulars	2018-19	2017-18
Revenue from Operations (net)	<b>3481</b>	3246
Value of Production (net)	<b>3467</b>	3227
Profit before Depreciation, Interest and Tax	<b>260</b>	276
Finance costs	<b>59</b>	48
Depreciation and amortization expense	<b>70</b>	64
Profit Before Tax	<b>131</b>	164
Tax Expense	<b>67</b>	34
Other Comprehensive Income	<b>13</b>	71
Total Comprehensive Income	<b>50</b>	59
Profit available for appropriations	<b>267</b>	280

### Turnover & Profitability:

Your Company achieved all time high revenue from operations of ₹3481 crores as against ₹3246 crores in the previous year, registering a growth of 7.24%. The increase in sales is mainly on account of increase in the turnover from Rail & Metro Business.



The Value of Production is ₹3467 crores as against ₹3227 crores, registering a growth of 7.44% over previous year. The Profit before Tax was ₹131 crores as against Profit before Tax of ₹164 crores recorded in the previous financial year.



There was no change in the nature of business of the Company during the year. Further, there was no material change / commitment occurred affecting the financial position of the Company subsequent to the financial year ended 31.03.2019 till the date of this report.

The Ministry of Corporate Affairs vide Notification dated 21.02.2019 amended the Companies (Incorporation) Rules, 2014 w.e.f. 25.02.2019, requiring the Companies to file the particulars of the Company and its registered office in e-Form ACTIVE-22A (Active Company Tagging Identities and Verification) on or before 15.06.2019 by the companies incorporated on or before 31.12.2017. Accordingly, the Company has filed the said e-Form ACTIVE-22A on 25.04.2019.

### Performance vis-à-vis MoU:

Performance of your Company, in terms of the Memorandum of Understanding (MoU) signed with the Department of Defence Production, Ministry of Defence (MoD), Government of India, was rated as "Excellent" for the financial year 2017-18 and the rating for the financial year 2018-19 is under self-evaluation.

### Dividend:

Your Board of Directors had approved an interim dividend of ₹4.50/- per equity share i.e., 45% on equity shares of ₹10 each on 21.03.2019 which was distributed among the eligible shareholders during March, 2019. Further, the Board of Directors has recommended a final dividend of ₹2.50/- per equity share i.e., 25% on equity share of ₹10 each, aggregating to a total dividend of ₹7.00/- for FY 2018-19 keeping in view the future prospects of the Company and at the same time meeting the aspirations of the shareholders.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements)

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

#### **Order Book Position:**

The Order Book of Company as on 01.04.2019 is ₹9125 Crores the highest ever as against ₹6700 Crores in the previous year, a growth of 36%. The Order book comprises of three business verticals, i.e., Mining & Construction, Defence and Rail & Metro.

#### **Exports:**

During 2018-19, your Company made exports aggregating ₹19.49 crores (physical exports of ₹19.20 crores and export incentive of ₹0.29 crores) as against ₹28.53 crores (physical exports of ₹28.13 crores and export incentive of ₹0.40 crores) during the previous year. Exports were low due to delay in finalisation of tenders by customers.

#### **Strategic Disinvestment:**

Ministry of Defence (MoD) vide its letter dated 01.12.2016 communicated that Cabinet Committee on Economic Affairs (CCEA) had accorded "in-principle" approval for strategic disinvestment of the Company. The Department of Investment and Public Asset Management (DIPAM) vide its O.M. dated 19.12.2016 communicated that an Inter-Ministerial Group (IMG) had been constituted by the competent authority for the purpose of appointing intermediaries such as Asset Valuer (AV), Transactional Advisor (TA) and Legal Advisor (LA) for the strategic disinvestment of 26% equity in the Company out of Government of India shareholding of 54.03%. After confirmation, the Company vide letter dated 06.01.2017 intimated NSE and BSE about the 'in-principle' approval of CCEA and also posted on the web-site of the Company in terms of Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'Listing Regulations'].

As per the terms, DIPAM has appointed M/s. SBI Capital Markets Limited as TA and M/s. Crawford Bayley as LA, and MoD has appointed M/s. RBSA Valuation Advisers LLP, Ahmedabad as AV respectively.

Further based on the advice of DIPAM, due diligence has been completed and the matter is under consideration of DIPAM / MoD.

#### **Quality:**

Your Company views quality improvement as a business strategy and hence remains proactive in the areas of product and service quality. At BEML, Corporate Quality Policy emphasizing Total Quality Management (TQM) ensures that products, services and processes meet stringent standards and requisite performance criteria. Quality Department spearheads the thrust towards TQM.



*International Quality Award for BEML-2019 from International Quality Circle on BEML Self-Reliance in Metro Bogie manufacturing as part of Make In India Initiative*

All manufacturing divisions have been certified for Quality Management System (QMS) and completed upgradation to ISO 9000-2015 standard during the year. KGF Complex, Bengaluru Complex and Mysuru Complex are also certified for Environmental Management System (EMS) and upgraded to ISO14001-2015 standard.



*Recognition for excellence-National Quality Excellence Award to BEML*

Further, Bengaluru Complex is certified as per BS OHSAS 18001-2007 Integrated Management System standard and Aerospace Manufacturing Division (ASMD), Mysuru Complex gained certification as per AS9100D standard during the year.

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

- Customer Relationship Management System app was launched to enable direct on-line logging of complaints through Hand held devices. This enables customers to log their complaint and monitor the status through smart phone. System also enables allocation of service resources and is interfaced with ERP system, for centralized tracking and generation of reports.
- Vendor development remains the “focus area” to improve quality of vendors’ supplies. During the year, focus was given to upgrade the quality system of vendors by extending support and encouraging vendors to improve their facilities and implement quality systems which resulted in increase of ISO 9000 certified vendors in the vendor base from 68% to 84%.
- Quality Assurance system was continuously monitored across all the manufacturing divisions to ensure quality improvements, in design, processes, and systems. Few initiatives taken towards quality improvement across the divisions, through cross functional teams, are as under:
  - ✦ 624 Kaizen projects were implemented across the divisions.
  - ✦ 94 quality improvement projects were implemented to reduce rejection and overcome field failures.
  - ✦ 60 design and system improvements, to enhance the reliability of the product were implemented during the year.
  - ✦ 55 nos. Jigs & fixtures were added and upgraded to improve manufacturing quality.
- Material Testing Laboratory at EM division attained NABL accreditation status during the year 2018-19. With these three laboratories in R&D-KGF, material testing laboratory in EM Division and Central Laboratory at Mysuru complex are accredited by NABL.

#### **Make in India Initiative and Indigenization:**

Your company has adopted various initiatives under ‘Make in India’ concept launched by the Government of India. It is Company’s endeavour to achieve self-reliance through continuous efforts to reduce

import content with increased sourcing from local manufacturers.

Your Company has nominated a Nodal Officer for ‘Make in India’ drive and list of items for indigenization are hosted on Company’s website [www.bemlindia.in](http://www.bemlindia.in). A display center is also set-up in Bengaluru Complex, where prospective vendors can have access to samples, drawings and technical specifications and explore opportunities to partner with the Company.

Under this initiative, “Make in India” products 150T and 190T Dump Trucks were deployed in Coal mines against trial-cum-sale order from Coal India Limited. These electric drive Dump Trucks were designed and manufactured for the first time in India and major import substitution for the Mining sector. These products have a potential to save significant foreign exchange for the Country in future. In-house R&D is continuously engaged in new product development & up-gradation of existing products to meet customer requirements.



*CMD, BEML and CMD, NCL and other dignitaries at the flagging off of Nation’s 1st indigenously developed BEML 205E Dump Truck at NCL, Singrauli (U.P.)*

Your Company has achieved indigenization levels of over 90% in the mainline M&C products, Rail coaches & EMU’s, over 80% in High Mobility Vehicles (HMV) and over 60% in Metro cars. Further efforts are underway to reach higher levels.

#### **Start Ups:**

The Ministry of Commerce & Industry, Government of India has launched ‘Start Up’ concept under ‘Make in India’ initiative during 2016.

An entity working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property, if it aims to develop and commercialize a new product or service or process, that will create or add value for customers or workflow are covered under this Startup.

A Company that has been in existence for less than seven years and with sales revenues not exceeding ₹25 crores will be recognized under Start Ups. Your Company has relaxed the aforesaid eligibility criteria of prior turnover and experience for registration from Start Ups, in order to encourage them to participate in supplies for Company's procurement. Startup Companies duly registered under start up website [www.startupindia.gov.in](http://www.startupindia.gov.in) will be considered. Further, the identified areas of Start Up are hosted on Company's web-site [www.bemlindia.in](http://www.bemlindia.in) and vendors need to contact Quality wing of the Company for Start Up activities.

Two start-ups have been identified for development of Soot Control products for Diesel gensets and for Artificial Intelligence enabled product.

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

**(i) Renewable Energy Development:**

In realizing the goal of 'Go Green', your Company has installed 23MW Wind Mill Projects and 250KWp Solar Power units. With this and other initiatives, 75% of energy requirement of the Company is being met through "Green Energy" resulting in



*A view of BEML Windmill Project*



*200 KW Solar Plant on the roof top of admin building at Mysuru Complex*

mitigation of 19,361 tons of carbons during the year 2018-19.

**(ii) Energy Conservation:**

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



*BEML Palakkad Complex receiving energy conservation commendation certificate from Govt. of Kerala.*

Across all units and offices of BEML all the conventional lighting viz. Bulbs / Fluorescent Tubes / CFL have been switched over to LED Lighting system to conserve energy.

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

In-house Research & Development set-up of your Company continues to play a vital role in design and development of new products/ aggregates, continuous up-gradation of existing products and indigenization. Special focus was given to spread the awareness about Innovation culture and intellectual property rights in the company and 65 Patents were filed during the year 2018-19. 4 technical papers were published by R&D engineers in national / international journals during the year 2018-19.

R&D centre at KGF Complex ("R&D Facility"), is fully equipped with facilities for design, simulation and testing of earth moving and construction equipment, which is one of the biggest development centers in India and it is supported by R&D centers located at Truck and Engine Divisions in Mysuru. R&D centre is making vital contribution towards design and development of new products, upgradation of existing products, identifying alternate sources and indigenization of critical aggregates thereby strengthening the earth moving, defence and rail & metro related industries in the country. R&D

Division is manned by highly qualified engineers with specialization in advance fields of mechanical design, engine technology, structural engineering, material science, fluid power and electronics and have gained significant experience and technology knowhow in design and development of complete machinery as well as the aggregates.

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

During the year 2018-19, R&D test facilities have been up-graded with addition of Salt Spray Chamber, Abrasive Cutting Machine, 50T Actuator, High Pressure Power Pack, 25 kN UTM, Air Screw Compressor etc., and Design CAD/CAE tools like PTC Creo 5.0, ANSYS Mechanical CFD 19R1 Enterprises, KissSYS, Oracle Primavera P6 & Flow master.

The R&D set-up in Defence business vertical is engaged in Development of Recovery & Repair vehicles for Battle Tanks, Mounted Gun Systems, Mine Protected Vehicles, Futuristic Infantry Combat Vehicles, Mine Clearing Systems and indigenization of aggregates / components.

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

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



11th Car set for Kolkata Metro being flagged off by Shri DS Mishra, IAS, Secretary, Housing and Urban Affairs, GoI at BEML Bengaluru Complex.

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

### Foreign Exchange Earnings and Outgo:

During the year, the Company's foreign exchange earnings stood at ₹371 crores and the total foreign exchange utilized was ₹1099 crores.

A sum of ₹0.58 crores was incurred towards deputation of personnel abroad for business/export promotion, after-sales-services and training purposes.

### Finance:

The working capital requirements were met from the internal accruals and credit facilities availed from banks. There was no overdue installment of principal and/or interest to the banks. ICRA has reaffirmed the long-term rating of [ICRA]A+ and the short-term rating of [ICRA]A1+ for ₹2,750 Crores limit towards fund based cash credit and non fund based bank guarantee limit for the year 2018-19. The outlook on the long term rating is Stable.

SEBI vide its notification SEBI/HO/DDHS/CIR/P/2018/144 dated 26.11.2018 issued a circular to the listed companies to make an initial disclosure on Large corporate within 30 days from the end of financial year to the Stock Exchanges in case the Company has (i) specified securities or debt securities or non-convertible redeemable preference shares listed on recognized Stock Exchange and (ii) Outstanding Long term borrowing of ₹100 crores or above and (iii) Credit rating of 'AA and above'. Since the Company does not comply with the requirement under (iii) above, intimated the Stock Exchanges on 22.04.2019 that the Company is not a Large Corporate.

Based on the Vision-2018 for Payment and Settlement Systems in India brought by the RBI in June 2016, BEML is being carried out cashless transactions across the Company.

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on 31.03.2019 has been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013

read with the Companies (Accounts) Rules, 2014. The estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31.03.2019.

The Company's contributions to Central and State Exchequers were in the order of ₹715 crores during the year by way of Customs Duty, GST, Dividend and Tax there on, and other taxes and duties.

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

Your Company has put in place adequate Internal Financial Controls (IFCs) with respect to Financial Statements. The Company has various manuals such as, manual for Accounts, Cost Accounting & Pricing, Stores, Purchase, Audit, etc., and the same are being periodically updated, circulated and also uploaded in 'BEML Bulletin Board' for viewing and compliance by employees and officers concerned for carrying out various activities in a transparent manner and in line with the delegation of powers and no instances of material weakness in the operations has been observed. The adequacy of internal financial controls over financial reporting is covered by the Statutory Auditors in their Audit Report. In addition, the details of the IFCs are included under the heading 'Internal control systems and their adequacy' in the Management Discussion & Analysis Report which forms part of this report.

#### **Fixed Deposits:**

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

#### **Enterprise Risk Management:**

In terms of Section 134(3)(n) of the Companies Act, 2013, regulation 17(9) of the Listing Regulations, and para 7.3 of DPE Guidelines on Corporate Governance for CPSEs-2010 (hereinafter referred to as 'DPE Guidelines'), your Company has formulated "Risk Management Policy" with the objective to ensure sustainable business growth with stability and to promote a pro-active approach in identifying, evaluating, reporting and managing or mitigating risks associated with the business. In order to achieve the key business objectives, the policy establishes a structured and disciplined approach to risk management in order to mitigate the risk related issues.

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

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

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

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

During the year 2018-19, all transactions that were entered into with the related parties were fair, transparent and at arm's length basis and also in the ordinary course of business of the Company. The said related party transactions were also duly considered and noted by the Audit Committee. Information as required under section 188 in Form AOC-2, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, is attached to this report as **Annexure-II**.

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

##### **Subsidiary Companies:**

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

VIL has recorded Revenue from Operations (Net of ED) of ₹27 crores as against ₹30 crores, declined in the growth by 10%. The value of production of the Company stood at ₹25 crores as against ₹31 crores and the Company incurred a loss of ₹0.51 crores as against profit of ₹0.43 crores in the previous year.

The order book position remained at 1,700 MTs as on 01.04.2019. More and more casting requirements are expected from Holding Company as well as from other customers. With this, VIL is confident of achieving better results for the financial year 2019-20.

MoD vide letter dated 27.02.2019 has constituted Inter-Ministerial Group (IMG) and Evaluation Committee (EC) for disinvestment

of BEML shares in VIL. Accordingly, in the meeting of IMG held on 19.03.2019, Request for Proposals (RFPs) for engagement of Transaction Advisor (TA), Legal Advisor (LA) and Asset Valuer (AV) was discussed and recommended to place before BEML Board for taking further steps to appoint them as per the timeline. BEML Board in its 351<sup>st</sup> meeting held on 21.03.2019 approved the said RFPs and the same were placed on the websites of the DIPAM, MoD and Company on 29.03.2019 and also published in Economic times newspaper on 30.03.2019. Appointment of TA, LA and AV is under progress.

#### **(ii) M/s MAMC Industries Limited (MIL):**

Your Company entered into a Consortium Agreement with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company (JV) with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹48 crores towards the total bid consideration of ₹100 crores for the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets were taken possession by the MAMC Consortium. Further up to 2018-19, the Company has incurred a sum of ₹10.51crores (Previous Year-₹10.00 crores), towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of ₹58.51 crores (Previous Year - ₹58.01 crores) is disclosed as 'Advance to MAMC Consortium' pending allotment of equity shares in the capital of JV company.

In the meantime, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated by your Company as a wholly owned subsidiary for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all three members of the consortium, has been submitted to MoD for necessary approval. Further, MoD has directed to submit 'Business Plan' and 'Financial Viability Report' of the proposed JV. A meeting of Interim Board of Management of Consortium has decided to

engage M/s SBI Caps for preparing the "Financial viability & Business Plan" report.

The decision of BEML Board to liquidate the assets of erstwhile MAMC acquired through Court auction on as is where is and whatever there is basis after taking into confidence the Board of other IBM Members was communicated to CIL & DVC.

Further, a meeting of IBM of Consortium is held in which it was informed that BEML is interested to acquire two properties in the location of Nagpur and Delhi based on the operational requirement and locational advantage towards expanding the Rail & Metro, Defence and Mining & Construction Business after revaluation of the said properties. If Company receives firm commitment on assured orders from CIL and report of "Financial viability & Business Plan", the proposal of re-establishing the factory will be reviewed keeping in view the industrial environment in West Bengal as well as the Strategic Disinvestment of BEML by Government of India and if found viable the same will be placed before BEML Board for further directives.

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

Your Company entered the Brazil market for brand building exercise and local value addition for the products to meet local standards in anticipation of good business potentials for Freight Wagons and Mining & Construction equipment. As per the requirement under the local laws, BBIL was established. Based on the enquiries, few mining equipment were also supplied to local customers. In the meantime, low cost Chinese equipment flooded the Brazilian market along with their local manufacturing facilities. Further, your Company faced stiff competition in high-end equipment segment from international players like CAT and Komatsu. In view of these developments, it is proposed to handle the Brazilian market directly and to wind up the existing facilities in Brazil. In view of this, BBIL is kept under dormant state. BEML has decided to close the office based on the legal opinion obtained. In this process, an amount of USD 55,380.87 has been repatriated from BBIL account to the account of BEML India. Cancellation of company registration number (CNPJ No) has been initiated before Govt. Authority (Junta Commercial) and is under process.

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

BMWL was formed and registered with the Registrar of Companies at Hyderabad on 18.04.2007. BEML holds 45% share and M/s Midwest Granite Pvt. Ltd. (MGPL) and P T Sumber Mitra Jaya of Indonesia as partners holding the balance 55% share. The Company has been established to capitalize on the growing business opportunities in the contract mining segment. However, due to certain unauthorized transactions and the oppression and mismanagement by the nominees of MGPL, your Company had filed an application before Hon'ble Company Law Board (CLB) seeking for suitable relief. As a counter measure, MGPL had also filed a petition on the matter. CLB vide its common order dated 01.06.2012 directed the Central Government to appoint an inspector to investigate the affairs of BMWL and take appropriate action. Based on the legal advice, your Company preferred two appeals before Hon'ble High Court of Andhra Pradesh at Hyderabad against the said common order of CLB. The Hon'ble High Court passed the order on 19.08.2013, thereby setting aside the said common order and directing CLB to proceed with a fresh enquiry, and decide the issue in accordance with law and merits also taking into consideration the report of investigation as directed by CLB and pass appropriate orders without getting influenced by the impugned common order of CLB. The Company has filed an application with CLB praying for necessary directions to Regional Director (RD), Ministry of Corporate Affairs, Hyderabad for time bound completion of investigation so that the matter could effectively be heard by CLB. In the meanwhile, the Government has constituted National Company Law Tribunal (NCLT) by dissolving CLB and notified that the jurisdiction is shifted to Hyderabad from Chennai. The case files were transferred to NCLT. Regular hearings are taking place at NCLT, however, RD, MCA is yet to submit the investigation report for deciding the matter. In the meanwhile, based on the order of NCLT dated 22.12.2017 consequent to the request from the landlord to vacate the premises of Registered Office (RO) of BMWL for his bonafide use, it has been shifted to a suitable place in the city on 30.03.2018 and the communication in this regard has been sent to MCA, NCLT & MGPL.

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

A separate section on report on the performance and financial position of each of the subsidiaries,

Joint Venture Company are placed under Form AOC-1 provided in the consolidated financial statement of the Company, in terms of section 129(3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014.

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

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

**Consolidated Financial Statement:**

Consolidated Financial Statement of your Company and its subsidiaries and Joint Venture Company prepared in terms of Section 129(3) of the Companies Act, 2013, is attached to this report.

**Vigilance:**

- The Company has an independent Vigilance Department headed by a full-time Chief Vigilance Officer. The Vigilance Activities were carried out in a holistic manner and covered prevention, detection and enforcement. 'Vigilance is basically and admittedly a managerial function and, therefore, it is an integral part of the duties of an executive'. The Vigilance Department headed by the CVO provided aid and advice to the executives of the Company on all matters pertaining to Vigilance, as an extension of the CVC in its exercise of superintendence over Vigilance Administration of the Company and provided the link to the Administrative Ministry and the CBI.
- Complaints received by the Vigilance Department were handled as per Complaint Handling Policy of the Company. Such received complaints were registered and investigated only after determining 'Vigilance Angle'. The registered complaints are disposed after detailed investigation.
- After due verification/investigation, recommendations were made to the Management for initiating Disciplinary action against Executives/ Employees who were found responsible for the irregularities.
- Surprise checks, periodical checks, purchase order checks, reimbursement claims, annual property return checks, 07 CTE type of in-house inspections and 06 System Studies were

conducted during the fiscal year. Based on the outcome of these, 25 Systemic Improvements were recommended to Management, which mainly pertain to Process improvements, Management of Procurement activities, Contract, Stores, Attendance through newly introduced Bio-metric System, Canteen services, etc.

- Since April 2018, processing of Vigilance Clearance for Executives and Employees of BEML has been taken up on-line on the 'Sampark' Portal and more than 366 Vigilance clearances processed online.
- New CCTV Cameras were installed to augment the surveillance of sensitive points. The introduction of CCTV surveillance in new area has also helped the organisation to reduce the daily manpower requirement and thereby accrue annual savings directly besides enhancing vigilance effectiveness.
- BEML Vigilance Department is striding fast ISO 9001:2015 certification for vigilance department at all BEML locations. Internal Audits have been successfully completed by March 2019.
- Keeping in view the changing Business scenario, after risk assessment exercise, the sensitive areas list was reviewed and fresh areas were notified as sensitive.
- The Vigilance Awareness Week-2018 with the theme "Eradicate Corruption - Build a New India" was observed in BEML Limited from 29th October 2018 to 3rd November 2018. Citizens Integrity pledge was also administered to the Staff of BEML Limited as well as Students & Staff at Schools and Colleges where the company had organised events as part of Observance of Vigilance Awareness Week - 2018.
- Vendors meet was organised at Corporate Office on 26.10.2018, wherein, vendors from all over India were invited to share business prospects of BEML and also to address their Grievances. Video conferencing was arranged to connect with the local vendors who were invited to BEML Divisions at Mysore, KGF, Palakkad and Bengaluru.
- At Bengaluru, the staff of BEML, BEL, HAL, ITI, Corporation Bank and Syndicate Bank jointly participated in a 2 km Walkathon - "Vigithon" on 28.10.2018. The theme of VAW- "Eradicate

Corruption - Build a New India" was the emphasis during the Vigithon. Almost 300 staff from all of the above organisations put together participated in the Vigithon. Walkathon was also organised at all the Complexes of BEML during the week. Vig-Kiran 7 version was released highlighting the achievements and actions taken during vigilance awareness week and Vigilance articles and prize winning essays.

- Due to consistence & System Improvements, there is substantial increase in Open Tendering percentage in Total procurement.
- During 2018-19 CVO inspected various Regional / District offices of BEML Limited and recommendations on systemic improvements were made such as improving stores activities including Quality clearance and clearing of bills, streamlining supplies to DGBR, improving stores activities as well as inventory management and management of BEML Estate.
- Other Innovation/Initiatives were also reviewed with respect to payment system to vendors, increasing transparency in dealing with public / stakeholders, training programmes on vigilance awareness, meetings on preventive vigilance, SAP-FLM (File Lifecycle Management) implemented for paperless office throughout BEML, and Linking of SAP ERP system and SAP SRM e-Procurement system was launched during VAW.

### Whistle Blower Policy

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

### **Integrity Pact**

Pursuant to the directives from Central Vigilance Commission and Ministry of Defence, Integrity Pact is being adopted with all vendors / suppliers / contractors/ service providers for all orders / contracts of value ₹1 Crore and above. Two Independent External Monitors (IEMs) have been appointed to review the cases on bi-monthly basis/ quarterly basis. The pact essentially envisages an agreement between the prospective vendors / bidders and the Company, committing the persons/ officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a pact with the principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the completion of contract. Any violation of the same would entail disqualification of the bidders and exclusion for future business dealings. During the year ₹831 crores worth of contracts were covered under Integrity pact.

### **Procurement**

BEML Supplier Relationship Management (SRM) is aiming to establish web based seamless relationship and collaboration of procurement process with its global business partners. Your Company endeavours to procure materials and services through e-procurement platform on ERP system. The Company upgraded the e-procurement software i.e., SRM version from SRM-5 to SRM-7, which is having encryption facility for better security. During the year, about 89% of the total requirements were sourced through e-procurement.

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

- Your Company is procuring materials required for production and for other requirements through Micro & Small Enterprises (MSEs). As per the Govt directive, 358 items which are reserved are being procured exclusively from MSEs.
- As per the directive of Government, minimum 25% (notified from 09.11.2018) of procurements have to be procured from MSEs (amended from 20% earlier), out of which, a minimum 3% reservation for women owned MSE's and 4% for SC/ST Enterprises.
- In order to encourage MSEs, vendor meet had been attended and list of components that could be sourced from MSEs are placed on Company's website [www.bemlindia.in](http://www.bemlindia.in) for the information of MSE Vendors. Further MSE procurement data is uploaded on "MSME SAMBANDH" portal on monthly basis.
- In terms of the Notification S.O. 5622(E), dated 02.11.2018 issued by the Ministry of Corporate Affairs, all companies who get supplies of goods or services from Micro and Small Enterprises (MSEs) and whose payments to MSE suppliers exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services shall submit an initial disclosure in MSME Form No.1 by 30.05.2019 stating (a) the amount of payment due; and (b) the reasons of the delay and also a half yearly return in this regard. It is hereby confirmed that there is no such payments due to MSMEs beyond 45 days and accordingly, necessary form will be filed within the due date.
- During the year 2018-19, Company has procured ₹322.27 crores out of ₹1549.44 crores local procurement which constitutes 21% from MSEs.

### **Vendor Development:**

Vendor development is a continuous process to identify and develop new vendors to bring in competition among the vendors and to reduce costs. The methods generally followed to identify potential new vendors are, publication of Expression of Interest (EoI) in BEML Website, participation in exhibitions and seminars and organize Vendor meets.

In order to increase vendor base, open ended EoI is published and available on Company's website. During the year 2018-19, 91 vendors have responded. The procurements from single source are being reviewed bi-monthly by Audit Committee and at Board Level. The objective of Outsourcing & Vendor Development policy is to achieve cost effectiveness and improved competitiveness of Company in global market.

Your Company recognizes outsourcing as one of the strategic tools to achieve cost benefits and also complement the strengths of private sector to build a strong industrial base. Your Company is outsourcing a substantial part of manufacturing activities from Indian vendors, enabling the

Company to enhance the capacity, attain cost effectiveness, improve competitiveness in the global market and build a manufacturing eco system in the country to attain self-reliance. To facilitate outsourcing, the Company has well established Outsourcing and Vendor Development Policies, procedures and guidelines.

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

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

The information required to be provided to citizens under Section 4(1)(b) of RTI Act, 2005 is placed on Company website, www.bemlindia.in. It contains general information of the Company and its functions and duties, powers and duties of employees/executives, decision making process, rules, regulations, manuals and records held by the Company, directory of the Company's executives, pay scales of executives / employees etc., and procedure for seeking information and inspection of records. The Company has nominated a Central Public Information Officer, Appellate Authority, Transparency Officer and six Central Assistant Public Information Officers representing for Complex / Divisions to attend to the queries and appeals. Further, during the year 2018-19, the Company received 164 applications seeking information pertaining to human resources, recruitment, contracts, tenders, business related matters etc., and the same were disposed of.

### **Rajbhasha:**

Hindi Section is functioning in the corporate office of the Company and also in all Complexes and

Divisions. It is responsible for ensuring the compliance of the Official Languages Act, the Rules made there under and the administrative instructions regarding use of Hindi received from the Ministry of Defence and the Department of Official Language from time to time, under its manufacturing complexes and Regional/District Offices. Some of the activities undertaken by Hindi section are:

- Official Language Implementation Committee is constituted under the Chairmanship of CMD to review the status of the use of Hindi across the Company. The said Committee met quarterly during the year and reviewed the implementation status.
- Hindi Fortnight was observed across the Company from 14.09.2018 to 29.09.2018.
- 560 executives/employees were trained in various courses of Hindi under Hindi Teaching Scheme of Government of India during the period under review.
- 18 Hindi workshops have been convened and 412 executives/employees were trained.
- Official language inspection was carried out in DO-Bhilai, RO-Hyderabad, RO-New Delhi and RO-Kolkata.
- World Hindi day was celebrated by the Company and in this connection, a two days' Official Language conference was held on 20.01.2018 to 21.01.2018 at Regional Office, Singrauli and a total of 82 participants took part in the conference.
- Bilingual Equipment Manuals were made for BD80 Bulldozer, O & M, Shop and Engine Manuals & Parts Catalogue of BD50 Bulldozer, B(S) 6D 105 Engine Shop Manual, Sarvatra Project Manual and Sanjay Project - Tatra Drivers Handbook.
- Bhilai, District Office, has been awarded with Rajbhasha Vishist Seva Samman-2017 by TOLIC.
- The newly revamped website of your company is made available in Hindi also and the contents are updated periodically.

### **Committees of the Board**

The following statutory Committees required under Companies Act, Listing Regulations, DPE guidelines/

MoD Directives are constituted by the Board to function according to their respective roles and defined scope:

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

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

**Composition of Audit Committee**

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

**Compliance of applicable Secretarial Standards:**

Section 118(10) of the Companies Act 2013, stipulates that the Company shall observe secretarial standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) as specified by the Institute of Company Secretaries of India. Further, the Standard 9 of SS-1 stipulated that the Report of the Board of Directors shall include a statement on compliances of applicable Secretarial Standards. Accordingly, your Company has complied with the provisions of applicable standards of SS-1 and SS-2 issued by the Institute of Company Secretaries of India in letter and spirit.

**Corporate Governance Report:**

In terms of Para 8.2.3 of the DPE Guidelines of CPSEs grading is done by DPE on the basis of compliance with Corporate Governance guidelines/norms. Accordingly, your Company is graded as

'Excellent' for the year 2018-19. Further, in terms of Regulation 34 of the Listing Regulations and Chapter 8 of the DPE Guidelines, a report on Corporate Governance along with Compliance Certificate is placed at **Annexure-III**.

**Management Discussion and Analysis Report:**

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

**Business Responsibility Report:**

In terms of Regulation 34(2)(f) of Listing Regulations, a Business Responsibility Report (BRR) for FY 2018-19 describing the initiatives taken by the Company on environmental, social and governance perspective, in the format as specified by SEBI from time to time is placed at **Annexure-V**.

**Awards & Recognitions:**

- On 06.09.2018, Company bagged 'PSE Excellence Award 2017' from Indian Chamber of Commerce (ICC) for outstanding contribution in steering the Company to greater heights.
- On 13.09.2018, CMD was felicitated by Orissa Pooja Committee in recognition of his outstanding contribution in the field of Public Sector particularly BEML.
- From 22-25.10.2018, Company has won "International Quality Gold Award – 2018" for case study on 'Minimizing Weld distortion in Metro Bogie Frame Manufacturing'.
- On 24.10.2018, Company received 'Top Challengers Award 2018' for excellent performance during FY2017-18 and "Best Mining Equipment Seller Award" in Crawler Equipment- Dozers and Rigid Dump Truck segment for mining sectors.



*Top Challengers Award for BEML - CMD receiving the award for the Best seller in Dozers & Dump Trucks segment in the Mining sector.*

- On 23.11.2018, Company bagged "CII Design Excellence Award 2018" for 'Design and Development of BD65 Torque Converter'.
- On 19.01.2019, Company received 'Governance Now' 6th PSU Award under Resilient Growth (Miniratna-1) category for its achievement and commitment to raise the standard in the public sectors.
- On 15.02.2019, CMD was awarded the prestigious 'World HRD Congress Award' for CEO with HR Orientation Award from ET NOW, for his excellent services rendered in the area of Human Resource Development.

### Manpower:

The number of employees of the Company as on 31.03.2019 stood at 7,185 as against 7,722 of the previous year resulting in 6.95% reduction.

The category-wise number of SC/ST and Ex-Servicemen employees as on 01.01.2019 and recruitment made are as under:

Category / Group	Total Strength As on		No. of SC/ST and Ex-servicemen					
			Scheduled Caste		Scheduled Tribe		Ex-Service Men	
	1.1.2019	1.1.2018	1.1.2019	1.1.2018	1.1.2019	1.1.2018	1.1.2019	1.1.2018
Group-A	2083	1824	387	394	107	109	23	13
Group-B	77	383	13	5	5	5	0	8
Group-C	5115	5619	1157	1286	263	279	238	246
Group-D	18	19	10	10	3	3	0	0
<b>Total</b>	<b>7293</b>	<b>7845</b>	<b>1567</b>	<b>1695</b>	<b>378</b>	<b>396</b>	<b>261</b>	<b>267</b>

The Company has recruited 20 candidates in Group A, 49 under Fixed Term Employment (FTE) in Group B and 1 candidate in Group C during the year under review as under:

- 13 from General category
- 3 from OBC category and
- 2 from Scheduled Caste and 3 from Scheduled Tribe category
- Out of 49 FTEs, 11 from Scheduled Caste and 1 from Scheduled Tribe

### Human Resource Development & Industrial Relations:

Human Resource has always been the central focus at BEML. The emphasis on the people of the organisation stems from the belief that human

resource is the key factor in achieving success in business.

During 2018-19, HR as Strategic Business Partner continued its endeavour to leverage the Talent and Technology to build the organizational capabilities towards sustained performance and value for all stakeholders.

Your Company made significant investments to create a robust leadership pipeline through Assessment Development Centres (ADC) and Post-ADC Workshops. During the year, 295 senior Executives have undergone ADC and Post-ADC workshops. This process has in-built Individual Development Plan (IDP) with a focus on Action-Learning Projects for each executive. Simultaneously, the Coaching Initiative was also launched in December 2018, as a part of Leadership Development.

As a continued endeavour, your Company also deputed its executives to various specific and leadership development programs and seminars at premier institutes including IIMs/XLRI and overseas.

With the recent emphasis on Cyber Security by MoD, IT executives of the Company were trained on Cyber Security areas. Also, as per the directive from MoD, 678 executives and employees were trained on Intellectual Property Rights (IPR). Besides, executives were also deputed to the latest technology areas including programmes on "Industry 4.0", Artificial Intelligence and its application, Robotic Process Automation (RPA), 3-D Printing etc. To remain abreast of latest development in various domains, BEML ensured participation of its executives and employees in various national/ international competitions, summits and interactive platforms.

To further strengthen project management capabilities of its Executives, a Senior Leadership Team was deputed to the "Project Management" Training Programme in India and USA.

Taking the employee development agenda forward across Complexes/Divisions and Offices, regular training programmes equivalent to 20,135 man-days (122% actualization) were conducted encompassing behavioural, functional and technical training areas.

During 2018-19, HR Audit was institutionalized towards ensuring compliance and review of HR Strategies, Policies, and Processes by a Cross Functional Audit Committee (CFAC). The

recommendation of HR Audit Committee was presented to Committee of Functional Directors and the Board and the same was approved for implementation.

Being a "Learning Organization", BEML ability to sustain its growth in a highly competitive market originates from its ability to adapt and adopt the new technology, skills and behaviours. In line with same, HR Strategy Conclave held in November, 2018 focused on "Changing Role of HR as a Strategic and Business Partner".

During the year, CPSE Conclave-Vision 2022 was organized by Department of Public Enterprises (DPE). Your Company actively participated in this Conclave focusing on Corporate Governance, Human Resource Management, Innovation and Technology towards realization of the vision for 2022. Further, your Company has been one of the first 54 CPSEs to be part of the integrated Knowledge Management Portal named as "Samanvay".

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

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

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

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

Centralized Public Grievance Redress and Monitoring System (CPGRAMS) initiated by the Department of Administrative Reforms and Public Grievances under the Ministry of Personnel, Public Grievances and Pensions, is the platform based on

web technology primarily aims to enable submission of grievances by the aggrieved citizens for scrutinizing and taking action for speedy redressal of these grievances. For this purpose, your Company has nominated Deputy General Manager (HR) as the Nodal Officer to deal with various public grievances and to ensure prompt and proper feedback to the concerned persons.

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

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

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

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



*Handing over of wheel chairs to physically challenged persons.*

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



BEML sponsored toilets for school children.

### Environment and Pollution Control

In order to protect the environment in the vicinity of the factory premises / township, tree plantation were undertaken. Your Company planted saplings of various types of avenue trees / flower bearing trees in the vacant lands belonging to the Company for maintaining ecological balance in the surrounding areas. The Company in association with the State Forest Department had undertaken planting of saplings at all its Manufacturing Complexes and Townships on a regular basis. During the year, a total of 14,010 Nos of Tree Saplings have been planted at KGF, Bengaluru, Mysuru and Palakkad Complexes as part of sustainable development.



Planting of tree sapling by Shri Deepak Kumar Hota, CMD BEML at KGF

### Particulars of Employees

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

### Skill Development Initiatives (SDI)

In line with the Government of India's "Skill India" Initiative, your Company continued to focus on various Skill Development Programmes for its Employees, Contract Workmen and Students/ Youth.

- The Centres of Excellence (CoE) of BEML at Mysuru, KGF, Bengaluru and Palakkad Complexes continued to impart the critical skill training as per the changing technical and business requirements of the customers which include theoretical and practical aspects. Candidates are certified, on successful completion of training modules. BEML collaborated with specialized bodies/ organizations viz M/s Cummins India, Welding Research Institute (WRI), Trichy, M/s SKF Bearings, M/s Lucas TVS, M/s Bosch etc., for customized technical programmes.
- To support the Customers /Vendors from India and overseas, BEML continued to provide the Service Trainings at Nagpur, KGF and Mysuru. These programmes were tailor-made and product specific for customers and vendors' personnel. The programmes included various aspects of hydraulics, transmission, preventive maintenance, productivity improvement techniques, etc. During 2018-19, 3-D virtual realization concept was implemented for BH-60M Dumper service training.
- Apprenticeship Training has been a major focus area for BEML and it has complied with the Government directives. It ensures up-gradation of skills of ITI passed students in various Trades including Fitter, Machinist, Welder, Turner, etc., as also that of Diploma Holders and Engineering Graduates. Internship Training and Project work to Engineering Students of different disciplines / colleges are also conducted.
- Your Company continued its Tie-Ups with premier Engineering and Scientific institutions viz. Indian Institute of Science (IISc), Bengaluru, Centre for Railway Research at IIT Kharagpur and National Institute of Design (NID), Ahmedabad etc., for leveraging cutting-edge technology, design and to build internal capability to meet the ever-changing business requirements.
- Your Company has also adopted Govt. ITI at KGF and Govt. ITI at Mysore as a part of Skill development initiatives. Trainees of Govt ITI at KGF are being provided with six-month practical training in KGF Complex while Mysuru Complex is the industrial partner to ITI at KM Dodi and is being provided with assembly items etc.
- Under the CSR initiatives, one BL 9H Loader equipment with Tool kits and aggregates was

provided to the training-cum-workshop laboratory at the Centurion University, Bhubaneswar for skill development for the benefit of SC/ST students and below poverty line youth in a naxal affected tribal and poorest district of Odisha. In addition to various assemblies being provided to adopted ITIs, 17 machineries have been donated to 5 ITIs as per their requirement. More equipments are being reconditioned for donation to ITIs. Company also provides internships to engineering graduates in their final year on no-pay no-fees basis for two to three months.

- Your Company being committed to ensure employees Health and Safety organized regular training programmes on Industrial Safety, Disaster Management, Yoga and Meditation, Health etc. Regular programmes / workshops on Vigilance awareness, Employee Self Services, Pre-Retirement preparations, Official Language etc. were also conducted.

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

Under the provisions of the Sexual Harassment of Women at a Work Place (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee (ICC) is functional in all Complexes / Divisions for receiving complaints of Sexual Harassment if any, and it has been displayed in all the prominent locations for the information of all women employees. No cases have been filed under this Act during the year 2018-19.

#### **IT Initiatives:**

IT continues to be a focus area for your Company to improve stakeholder experience and Company has made significant capital investments during this year to improve IT environment. IT Infrastructure security was enhanced by implementing Active Directory Controls over IT Assets, End Point Protection and replacement of aged IT end points. Air GAP was undertaken as a major infrastructure project, segregating internet and business network that enhances security of business applications.

FLM was a great step towards paperless office improving transparency in the approval processes and bringing significant improvements in cycle time for approvals.

Customer experience was enhanced by implementing hand held device enabled Customer Relationship Management System app that can be

used by service engineers and customers from remote locations.

Employee experience was improved by implementing workflow enabled processes such as Leave Application Management, Exit Management, Handing Over and Taking Over, HR Connect, IT Connect, IT Support, Open Innovation Portal and Movement Pass.

Transparency with our supplier partners was improved through provisioning of on-line bill tracking, display of technical compliance sheet and price details for closed tenders.

Footprint of video conferencing was extended further to Regional Offices with installation of VC facility at Delhi Regional office and many more are in the pipeline.

Technology was leveraged for conducting on-line promotion test (OPT) for the first time. Our employees from across over 10 locations attended these tests that were conducted using our own 'Test Engine'.

Reliability of connectivity with Divisions was improved by installing redundant MPLS lines that also helps improve availability.

Application and Infrastructure monitoring was improved with regular reporting of uptime and status to management.

As part of our digital initiative Company has implemented automatic on-line refund of EMD amounts. R&D teams have been provided with latest design, modeling and analysis software to improve their efficiency and quality of designs that will reflect in the new design initiatives undertaken in coming years.

The journey of leveraging technology will continue into next year through our pipeline initiatives such as implementation of collaboration platform, analytics, many more workflow enabled processes and management dashboards. Infrastructure upgrade is planned to ensure improved reliability and performance while initiatives such as Security Operations Center (SOC) will further improve Cyber Security posture.

#### **Swachh Bharat Abhiyan:**

Company has joined hands with Hon'ble Prime Minister of India, towards fulfilling the dream of Mahatma Gandhiji for 'Clean India'. In this endeavor, the Company has undertaken the various initiatives under Swachh Bharat Abhiyaan & Swachh Vidyalaya Abhiyaan during the current

year 2018-19. Important Swachh Bharat Initiatives at BEML Limited for 2018-19 are as hereunder:

- Your Company has adopted all Swachh Bharat initiatives like Pledge taking, conducting public awareness programmes on cleanliness, Swachh Vidyalaya, Environment protection, public awareness on cleaning nearby areas, arranged for fixing of awareness boards, participation of employees/officers in 'Shramadaan' (100 Hrs in a year) to ensure cleanliness of the work area and surroundings, training programme on waste management, importance of cleanliness, walkathon, organizing skit/street play to create awareness on cleaning and cleanliness, construction of toilets, vermi-compost bins, painting of buildings, extensive cleaning of hangars, clean my street, continuous House-keeping and renovation of toilets, fogging and eradication of mosquito menace, focus on creating plastic free zones etc.
- In addition to the regular Swachh Bharat Activities, Company had organized "Celebration of Fourth Anniversary of Swachh Bharat Campaign" on 02.10.2018 to coincide with the 'Gandhi Jayanthi'. Under the Swachhta Hi Seva celebrations, various programmes like administration of Swachhta Pledge, organizing special cleaning drives, walkathon to spread the message of cleanliness, distribution and planting of saplings etc., were conducted at its manufacturing units located at Bengaluru, KGF, Mysuru, Palakkad, Regional & District Offices and also at its subsidiary Unit, VIL, Tarikere.
- Company has undertaken various activities as per the Annual Action Plan based on the recommendations of the Group of Secretaries on 'Swachh Bharat & Ganga Rejuvenation' (GoS) for the period from 2018-19 up to 02.10.2019. The main activities are conducting awareness programmes, construction of toilets, bio-gas units, vermi-compost bins, tree plantation, renovation of toilets, adoption of dual pipeline system and rain water harvesting system etc.
- Company had organized two 'Swachh Bharat Pakhwadas' during the current year. The first Swachhta Pakhwada was held from 15th to 31st August, 2018 and the second from 1st to 15th December, 2018 across the Company. Various activities in line with the action plan was held at Corporate Office, Manufacturing Complexes, Townships, District & Regional

Offices and also at VIL, Tarikere. Various Programmes related to cleanliness and competitions were conducted across the Company on daily basis during the fortnight, as per the calendar of activities / events.



Clean Surroundings - Swachhata Pakhwada by BEML

### Statutory Auditors

The Comptroller & Auditor General of India has appointed M/s. V. Krishnan & Co., Chartered Accountants, Bengaluru, as the Statutory Auditors for the financial year 2018-19.

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

### Cost Auditors

Your Company appointed M/s R M Bansal and Co, Cost Accountants, Bengaluru, as Cost Auditors for the year 2018-19 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 to conduct the audit of the cost records of the Company. The Company maintains Cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the Railway and Rolling Stocks (Bengaluru Complex), other Machinery (Truck, Engine, EM, H&P Divisions) and Power (EM Division).

Further, as required under the said Rules, the remuneration payable to the Cost Auditor was ratified by the members in the 54<sup>th</sup> Annual General Meeting held on 27.09.2018.

### Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s V N Associates, Practicing Company Secretaries (PCS), Bengaluru,

to undertake the Secretarial Audit of the Company for the year 2018-19. The Secretarial Audit Report given by the PCS and the replies to the observations made in the said Report shall be annexed with the Board's Report. Further, the said requirement has to be complied in terms of Regulation 24A of the Listing Regulations w.e.f. the year ended 31.03.2019. In addition, an Annual Secretarial Compliance Report is required to be filed with the Stock Exchanges within 60 days from the end of financial year 2018-19.

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

### **C&AG Audit**

The Comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial statement including consolidated financial statement are appended at page No.152-155 & 222-225 to the annual report.

### **Extract of Annual Return**

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

### **Directors:**

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

During the year, the Government of India vide letter Ref: 8(2)/2014-D(BEML) dated 10.08.2018 appointed Dr. Gurmohinder Singh as Independent Director of the Company and his appointment has taken effect from 13.08.2018. Further, Government of India vide letter Ref: 8(2)/2014-D(BEML) dated 22.11.2018 re-appointed Shri B P Rao, Shri Sudhir Kumar Beri and Shri M G Raghuveer as Independent Directors for a period of one year from the date of completion of their tenure on 01.12.2018.

Pursuant to Schedule IV of the Companies Act, 2013, the appointment / re-appointment of the Independent Directors would be formalized through a letter of appointment setting out the terms and conditions of their appointment, which is also placed on the web-site of the

Company at [www.bemlindia.in](http://www.bemlindia.in). In terms of section 149 of the Companies Act, 2013, the provisions of section 152(6) and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.

#### **(2) Statement on declaration by Independent Directors**

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

#### **(3) Board Evaluation:**

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

In view of the above, the performance of all Functional Directors and Government Nominee Directors is being evaluated by the Administrative Ministry every year based on own evaluation methodology. Further, considering the educational qualifications, age, rich and varied experience of the applicants, the Administrative Ministry / Department would appoint the IDs on the Board on the recommendation of Search Committee after obtaining approval of competent authority. In addition, the assessment/ evaluation of performance of Independent Directors who will be completing their 3 years tenure was undertaken by the Administrative Ministry during May 2018.

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

#### **(4) Remuneration of Directors:**

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

provision for the applicability of the relevant rules of the Company.

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

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

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

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

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration paid to the Directors during 2018-19 are provided under the 'Report on Corporate Governance' annexed to this report.

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

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

- (i) Shri Suresh S Vastrad, Executive Director (Rail & Metro Business), Bangalore Complex, has been appointed as Director (Rail & Metro Business) of the Company vide MoD letter No.8(5)/2016-D(BEML) dated 28.11.2018 and he took charge on 29.11.2018.
- (ii) Dr. Md. Nazmuddin, Economic Advisor, Department of Defence Production, Ministry of Defence, has been appointed as Government Nominee Director of the Company in place of Shri Rajib Kumar Sen vide MoD letter No.10(2)/2011-D(BEML)

dated 25.02.2019 and his appointment had taken effect from 28.02.2019.

- (iii) Shri Arvind Kumar Arora, Former Director General (Personnel), Military Engineer Services, Government of India has been appointed as Independent Director of the Company vide MoD letter No.8(2)/2014-D(BEML) dated 10.07.2019.

Shri D K Hota (*DIN-06600812*), Chairman and Managing Director and Shri R H Muralidhara (*DIN-07363484*), Director (Defence Business) retires by rotation at the ensuing annual general meeting and being eligible, offered themselves for re-appointment. Shri. Rajib Kumar Sen (*DIN-07669981*), Government Nominee Director who was appointed on the Board w.e.f. 30.05.2018 was ceased to be Director on 24.02.2019 consequent upon change in nomination by Government of India. Further, Shri B R Viswanatha, Director (Mining & Construction Business) ceased to be Director w.e.f. 01.06.2019 consequent upon superannuation.

The Board placed on record its deep appreciation for invaluable services rendered by Shri Rajib Kumar Sen, as Government Nominee Director and Shri B R Viswanatha, as Director (Mining & Construction Business) on the Board whose term of office ended during the year.

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

During the year, eight meetings of the Board were held on 25.05.2018, 08.08.2018, 11.09.2018, 26.09.2018, 03.11.2018, 03.12.2018, 02.02.2019 and 21.03.2019. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regulation 17(2) of the Listing Regulations, and Para 3.3.1 of the DPE Guidelines, were complied with in full.

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

Pursuant to section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors state that,

- (a) in the preparation of the annual accounts for the year ended 31.03.2019, the applicable accounting standards has been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2018-19 and of the profit of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Acknowledgements**

Your Directors express their hearty thanks to the Company's valued customers, in particular Defence Services, M/s Coal India Limited and its Subsidiaries, M/s. Singareni Collieries Company Limited, M/s Steel Authority of India Limited, Railway Board, M/s Delhi Metro Rail Corporation Limited, M/s Bengaluru Metro Rail Corporation Limited, M/s Jaipur Metro Rail Corporation, M/s Kolkata Metro Rail Corporation, M/s. Maha Metro Rail Corporation Limited, Integral Coach Factory-Chennai, M/s Bharat Electronics Limited, M/s Bharat Dynamics Limited, Ordnance Factory Board, Defence Research & Development Organization (DRDO),

M/s Brahmos Aerospace Pvt. Ltd., Indian Space Research Organization, M/s Hindustan Aeronautics Limited, Aeronautical Development Agency for their patronage and confidence reposed on the Company. The Directors also acknowledge and thank all collaborators, vendors and other service providers for their valuable assistance and cooperation extended to the Company.

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

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

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

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

For and on behalf of the Board of Directors

Bengaluru  
25.05.2019

*Sd/-*  
D K Hota  
Chairman & Managing Director

## **Annexure to Board's Report for the Financial Year 2018-19**

### **CONSERVATION OF ENERGY**

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

- (i) Conventional Fluorescent Tube Lights, Street Lights, Perimeter Lights, High bay Lights, Retrofit tubes, HPMV Lights, Utility and General Lighting system etc., are replaced with LED lightings at various locations across the Company.
- (ii) Revamping of Bogie Hearth LT furnace to reduce heat loss and to improve thermal efficiency energy conservation.
- (iii) Installation of 15KW Screw Air compressor exclusively for CNC Foil Roll Machine to avoid use of 180KW Air compressor.
- (iv) Plant electricity power factor 24X7 days (PF) ensured above 0.90 lag close to unity for energy conservation and to comply EB Directives.
- (v) Inverter/IGBT based MIG/MAG welding sets procured in place of conventional diode type.
- (vi) PM of MRS 2X1000 KVA power Transformer HT VCB substations by OEM to ensure safety across plant and energy conservation.

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

- (i) Installation of 200KW Solar Plant in Mysuru Complex.
- (ii) Installation of 50KW grid connected roof top solar power plant in Palakkad complex.
- (iii) Further to the above, please refer para (i) of the 'Renewable Energy Development, Energy Conservation, Research & Development and Technology Absorption' of Board Report.

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

During the year under review, your Company has invested ₹15.52 lakhs for implementing various energy saving measures.

### **TECHNOLOGY ABSORPTION**

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

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

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

Depending on the sectoral needs for the year 2018-19, R&D launched the following products / projects:

##### **Defence**

- (a) Development of 20T Trailer with Anti-Lock Braking System for MoD.
- (b) Developed and supplied 12x12 chassis in collaboration with M/s. Tatra to VRDE for Agni-1 Launcher.
- (c) Engineering Mine Plough (EMP) and Track width Mine Plough (TWMP) attachments for T-90 tanks, developed in collaboration with M/s. Pearson Engineering Ltd, UK, underwent all user trials on NC-NC basis successfully.
- (d) BEL Swathi – 6x6: Modified chassis developed to meet shorter TCD, undergoing user trials at North-Sikkim.
- (e) Re-engineered BEML Tatra 8x8 Chassis was developed for the 10 meters Short Span Bridge System (SSBS) against order and first chassis was delivered to customer for building the FOPM.

##### **Rail & Metro**

- (a) Designed and Developed Diesel Electric Tower car (DETC).
- (b) Kolkata Metro (E-W): The depot tests and Main line tests of the prototype train set has been completed. The Oscillation trials of the prototype train set, has been completed.

- (c) Bangalore Metro (Intermediate Cars): Integration of the prototype Intermediate cars with the existing 3 car unit in BMRCL line to form 6 car train set completed. Depot and Mainline test of the 6-car train set completed successfully and is under revenue service.

## **Mining & Construction**

### **I. New products Development:**

- (a) Design & Development of 100T class Hydraulic Excavator Model:BE1000-1with 650 HP BEML engine and new power take off assembly was developed and successfully deployed at MCL, Sambalpur.
- (b) Design & development of rear axle with wet multiple disc brakes, in-board parking brake and independent wheel mounting on 60T (BH 60M) Dump Truck.
- (c) Design & development of front axle with wet multiple disc brakes and independent wheel mounting on 60T (BH 60M) Dump Truck.
- (d) Design & development of proportional steering control valve for 860HP (BD475-1) Bull Dozer.
- (e) Indigenization of towing winch for 90HP (BD50) Bull Dozer.
- (f) Design & development of brake oil cooler pump for BH60M Dump Truck.
- (g) 5.4 Cum. (BL30-1) wheel loader prototype was successfully commercialized and supplied to THPC (Tehri Hydro electric Corporation) and SAIL(RSP).
- (h) 60T (BH 60M) Dump Truck with BEML make transmission was successfully commercialized and supplied to MOIL.

### **II. Product Up-gradation**

- (a) Up-gradation of 860HP Bull Dozer with pilot hydraulic system.
- (b) Design and Engineering of Segmental Sprocket and Combi cooler for 230HP Bull Dozer.
- (c) Engineering of anti-vibration mounts for engine mounting on Bull Dozer BD155 cabin.

- (d) Development of cabin with split AC on 324HP Pipe Layer.
- (e) Design & development of safe load indicator system Pipe Layer model: BP70 & BP41.
- (f) Engineering of Combi-cooler on 70T Hydraulic Excavator.
- (g) Development of Danfoss Controller with electronic controls for Dump Trucks.
- (h) Indigenization of 33/72 bucket rigging items used on Walking Drag Line.
- (i) Engineering of alternate transmission (ZF make) on Motor Grader model: BG605 I.
- (j) Engineering of in-board parking brake on 100T Dump Truck and 70KL Water Sprinkler model.
- (k) Development of ROPS cabin on Front End Loader model: BL200-1.
- (l) Development of cabin with split AC on Front End Loader model: BL30-1.
- (m) Up-gradation of Mechanical linkage type transmission to Electric shift transmission on Front End Loader model: BL40.
- (n) Engineering of fuel efficient hydraulic system on Backhoe Loader model: BL9H.

**(ii) Patents:** Special focus was given to spread the awareness about Innovation culture and intellectual property rights in the company and 678 engineers were trained on IPR awareness and 65 Patents were filed during the year 2018-19, which was 130% of the target (50).

**(iii) Publishing of Technical Papers:** 5 technical papers were published by R&D engineers in national / international journals during the year 2018-19.

**(iv) The benefits derived like product improvement, cost reduction, product development or import substitution:** Major R&D initiatives like new product/ aggregates development, product up-gradation, indigenization etc. have ensured increase in the indigenization level. Up-gradation of existing products with cutting edge technology features helped in sustaining the existing market and also in exploring the new emerging markets. There has been a considerable foreign exchange savings on

account of indigenization. Some of the benefits derived from the above are:

- (a) Received awards from SODET in the category of Design Effort for BL30-1 FEL & CII Design Excellence Award for Design & Development of BD65 Torque Convertor.
- (b) Road worthiness certificate received from Automotive Research Association of India for Loader Model: BL30-1.
- (c) Received SODET Bronze award for Technical presentation on Design & Development of Arjun ARRV Hydraulic System at M/s BDL, Hyderabad.

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

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

Nil.

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

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

#### **Defence:**

Your Company is taking up new design & development programmes to meet the acquisition needs of the Indian Army with

joint development with GSF, Cossipore (OFB) and BEL, Development of Launcher, Command post, Loader Cum Replenishment (LCR), Replenishment Vehicle (RV), Prime mover for Towing, Mine Field Marking Equipment Mk-II, Self-propelled mine burrier, Bar mine layer, Development of Linear actuators and Transmission controller to automate existing manual transmission for BMP-II tanks and Indigenous manufacture of cabins for BEML-Tatra vehicles.

#### **Rail & Metro**

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

#### **Mining & Construction:**

Your Company has taken up initiatives to launch new products and upgrade existing products in line with the latest emission norms as mandated by the government, DGMS and safety features on par with upcoming CEMM Act and ISO20474 in the areas of Dump Trucks, Dozers, Excavators, Wheel Loaders and Underground Mining Equipment apart from up-gradation of existing Products with innovative and new features in line with major global competitors.

#### **(vii) Expenditure on R&D:**

Company has spent ₹71 crores on R&D during 2018-19 which is about 2.04% of Revenue from Operations.

For and on behalf of the Board of Directors

Bengaluru  
25.05.2019

Sd/-  
D K Hota  
Chairman & Managing Director

**FORM NO. AOC-2**

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:
  - (a) Name(s) of the related party and nature of relationship: Not applicable
  - (b) Nature of contracts / arrangements / transactions: Not applicable
  - (c) Duration of contracts / arrangements / transactions: Not applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not applicable
  - (e) Justification for entering into such contracts or arrangements or transactions: Not applicable
  - (f) Date(s) of approval by the Board: Not applicable
  - (g) Amount paid as advances, if any: Not applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not applicable
2. Details of material contracts or arrangements or transactions at arm's length basis:
  - (a) Name(s) of the related party and nature of relationship: Not applicable
  - (b) Nature of contracts / arrangements / transactions: Not applicable
  - (c) Duration of contracts / arrangements / transactions: Not applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not applicable
  - (e) Date(s) of approval by the Board: Not applicable
  - (f) Amount paid as advances, if any: Not applicable

For and on behalf of the Board of Directors

Bengaluru  
25.05.2019

Sd/-  
D K Hota  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

Your Company firmly believes in the importance of ethics among the employees and strives for developing a work culture that fosters accountability, fairness, integrity and transparency in its dealings, while adhering to the fundamental principle of enhancing the trust and value of all stakeholders. Good corporate governance strengthens the investor's trust and ensures long term relationship with other stakeholders which help the Company to achieve its objectives.

Your Company complies with the requirements of the Corporate Governance standards as stipulated under SEBI (Listing obligations and disclosure requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises-2010 (hereinafter referred to as 'DPE Guidelines') from time to time.

### 2. BOARD OF DIRECTORS

#### (i) Composition:

As on 31.03.2019, the Board consisted of 5 Whole-time Directors including the Chairman & Managing Director, 1 Government Nominee Director and 4 Independent Directors. There are 2 vacancies for Independent Directors on the Board. Accordingly, the composition did not comply with the requirements under Regulation 17 of the Listing Regulations. There is no inter-se relationship among the directors.

#### (ii) Meetings and Attendance:

During the year, eight meetings of the Board were held on 25.05.2018, 08.08.2018, 11.09.2018, 26.09.2018, 03.11.2018, 03.12.2018, 02.02.2019 and 21.03.2019. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regulation 17(2) of Listing Regulations, and Para 3.3.1 of the DPE Guidelines, were complied with in full.

The details of attendance of the Directors at the Meetings of Board, Annual General Meeting (AGM) and their other directorships and Committee memberships held by them across all companies as on 31.03.2019 are given below:

Sl. No	Name of the Director (Director Identification No.)	Attendance at board meetings / Total meetings after appointment as Director	Whether attended last AGM (Yes/No/NA)	No. of other directorships held	* Number of Committee Memberships across all companies	Listed entities where the person is a director and the category of directorship
<b>Functional Directors:</b>						
1	Chairman & Managing Director Shri D K Hota (DIN 06600812)	8/8	Yes	--	--	--
2	Director (Mining & Construction Business) Shri B R Viswanatha (DIN 07363486)	8/8	Yes	3	1	--
3	Director (Defence Business) Shri R H Muralidhara (DIN 07363484)	8/8	Yes	2	--	--

Sl. No	Name of the Director (Director Identification No.)	Attendance at board meetings / Total meetings after appointment as Director	Whether attended last AGM (Yes/No/NA)	No. of other director ships held	* Number of Committee Memberships across all companies	Listed entities where the person is a director and the category of directorship
4	Director (Finance) Shri Suraj Prakash (DIN 08124871) <sup>1</sup>	8/8	Yes	1	1	--
5	Director (Rail and Metro Business) Shri Suresh S Vastrad (DIN 06725629) <sup>2</sup>	3/3	NA	1	1	--
<b>Government Nominee Director:</b>						
6	Dr. Md. Nazmuddin (DIN 08377468) <sup>3</sup>	1/1	NA	--	--	--
7	Smt. Surina Rajan (DIN 06699602) <sup>4</sup>	1/1	NA	--	--	--
8	Shri Sanjay Prasad (DIN 01577730) <sup>5</sup>	0/1	NA	1	--	--
9	Shri Rajib Kumar Sen (DIN 07669981) <sup>6</sup>	3/6	No	--	--	--
<b>Independent Directors:</b>						
10	Shri Sudhir Kumar Beri (DIN 07367157)	8/8	No	--	1	--
11	Shri M G Raghuvver (DIN 02703301)	5/8	No	--	1	--
12	Shri B P Rao (DIN 00467226)	8/8	Yes	3	1	--
13	Dr. Gurmohinder Singh (DIN 08199586) <sup>7</sup>	6/6	Yes	--	1	--

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

1. Appointed w.e.f. 10.05.2018	4. Ceased to be Director on 13.06.2018
2. Appointed w.e.f. 29.11.2018	5. Ceased to be Director on 29.05.2018
3. Appointed w.e.f. 28.02.2019	6. Appointed w.e.f. 30.05.2018 & Ceased to be Director on 27.02.2019
7. Appointed w.e.f. 13.08.2018	

**(iii) List of core skills identified in the context of the business of the Company:**

S.No.	Skill Area	Description
1	Strategy and planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of BEML relevant policies and priorities.
2	Governance, Risk and Compliance	Experience in the application of corporate governance principles in the Company. Ability to identify key risks to BEML in a wide range of areas including legal and regulatory compliance.
3	Technical competence	Application of technical knowledge and skills for successful performance of specific job or group of jobs.

S.No.	Skill Area	Description
4	Commercial Assessment	A broad range of commercial/business assessment in areas of accounting, finance, marketing, branding and business systems, practices and improvement.
5	Legal	Overseeing compliance with numerous laws as well as understanding an individual director's legal duties and responsibilities.
6	Human Resource Management	Specialized in human resource management with an understanding of employment law.
7	Information Technology / Digital Skills	Knowledge in IT and/or Digital issues with an ability to apply new IT technology in the Company.
8	Integrity (ethics)	A commitment to <ul style="list-style-type: none"> <li>• Understanding and fulfilling the duties and responsibilities of a Director, and maintaining knowledge in this regard through professional development;</li> <li>• Putting BEML interests before any personal interests;</li> <li>• Acting in a transparent manner and declaring any activities or conduct that might be a potential conflict;</li> <li>• Maintaining Board confidentiality at all times.</li> </ul>

**(iv) Directors' Shareholding**

None of the Directors are holding equity shares or debt securities in your Company as on 31.03.2019.

**(v) CEO / CFO Certification**

In terms of Regulation 17(8) of the Listing Regulations, Chairman and Managing Director (Chief Executive Officer) and Director (Finance) [Chief Financial Officer], have issued necessary certificate to the Board of Directors with respect to the financial statement for the year 2018-19. The said certificate was reviewed and recommended by the Audit Committee in terms of Para 4.5(vi) of the DPE Guidelines and taken on record by the Board in its 352<sup>nd</sup> meeting held on 25.05.2019.

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

In terms of Regulation 17(3) of the Listing Regulations, Para 3.3.3 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, the Board reviewed the compliance reports relating to various laws applicable to the Company for the year 2018-19 and noted that there was no instance of non-compliance. Further, there was no significant or material order passed during the year by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

**(vii) Familiarization/Training of Board Members**

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

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

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

**(viii) Code of Conduct**

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

*To the Members of BEML Limited,*

*I, D K Hota, Chairman & Managing Director of the Company, hereby declare that the Board of Directors and Senior Management personnel have affirmed their compliance with the Code of Conduct for the financial year ended 31.03.2019.*

*On behalf of the Board of Directors*

*Bengaluru  
 25.05.2019*

*Sd/-  
 D K Hota  
 CMD/CEO*

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

Pursuant to Regulations 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of your Company has approved "Code of Conduct and Fair Disclosure for Regulating, Monitoring and Report trading by Insiders in BEML Securities" in the securities issued by the Company on the basis of unpublished price sensitive information and the same is placed on the Company's website [www.bemlindia.in](http://www.bemlindia.in). The insiders as defined under the Code should obtain permission from the Competent Authority to deal in securities during the trading window / restriction period beyond the specified limits. Periodical disclosures are also made as provided under the Code to prevent the instance of insider trading.

Further, in terms of DPE Guidelines, the Board of Directors and Senior Management personnel

comply with the aforesaid code of internal procedures and conduct for prevention of Insider Trading.

**(x) Whistle Blower Policy**

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

**3. BOARD COMMITTEES:**

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

**(i) Audit Committee:**

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

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

- (a) Oversight of financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;

- (b) to review with the management, the quarterly financial statements before submission to the board for approval;
- (c) to discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (d) to review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to (a) matters required to be included in the director's responsibility statement forming part of the board's report in terms of Section 134(5) of the Companies Act, 2013; (b) changes, if any, in accounting policies and practices and reasons for the same; (c) major accounting entries involving estimates based on the exercise of judgment by management; (d) significant adjustments made in the financial statements arising out of audit findings; (e) compliance with listing and other legal requirements relating to financial statements; (f) disclosure of any related party transactions; and (g) modified opinion(s) in the draft audit report;
- (e) to recommend to the Board, fixation of remuneration to statutory auditors and to approve payment to statutory auditors for services rendered other than statutory audit as may be permitted under law;
- (f) to recommend to the Board the fixation of remuneration, re-imbursalment of out-of-pocket expenses and other allowances, if any, to cost auditors and transaction auditors;
- (g) to evaluate internal financial controls and risk management systems;
- (h) to review with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (i) to review the adequacy of internal audit function of the Company, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (j) to discuss with internal auditors of any significant findings and follow up there on; and to review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and make suitable recommendation to the board;
- (k) to review the functioning of the whistle blower mechanism;
- (l) to meet compulsorily inter-alia look at all cases of procurements which are made from single sources [Source-MoD directive vide No.8 (94)/2012-D(Coord/DDP) dated 29.10.2012];
- (m) to review the follow up action on the audit observations of the C&AG audit;
- (n) to review inventory position periodically and also review and recommend the cost audit reports for the consideration and approval of the Board [Source - 313<sup>th</sup> meeting of Board held on 04.02.2014];

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

Sl.No.	Name of the Director	Category	Attendance
<i>Chairman:</i>			
1	Shri B P Rao	Independent Director	6/6
<i>Members:</i>			
2	Shri Sudhir Kumar Beri	Independent Director	6/6
3	Shri B R Viswanatha	Director (Mining & Construction Business)	6/6
4	Dr. Gurmohinder Singh*	Independent Director	3/3
5	Shri M G Raghuvver**	Independent Director	3/3

\* Appointed as member w.e.f. 21.09.2018

\*\* Ceased to be member on 20.09.2018

During the year, the Audit Committee met six times on 19.04.2018, 24.05.2018, 07.08.2018, 26.09.2018, 02.11.2018 and 01.02.2019. Further, in terms of Regulation 18(2) of the Listing Regulations and Para 4.4 of the DPE Guidelines, the Audit Committee complied with the requirements on number and frequency of meetings. In terms of section 177(8) of the Companies Act, 2013, the Board accepted all the recommendations made by the Audit Committee during the year.

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 54<sup>th</sup> AGM of the Company held on 27.09.2018.

**(ii) Nomination and Remuneration Committee**

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

Regulation 19 of the Listing Regulations, a Committee by the nomenclature "Nomination and Remuneration Committee" has been constituted.

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

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

<b>Sl.No.</b>	<b>Name of the Director</b>	<b>Category</b>	<b>Attendance</b>
<b>Chairman:</b>			
1	Shri Sudhir Kumar Beri	Independent Director	2/2
<b>Members:</b>			
2	Shri M G Raghuveer	Independent Director	2/2
3	Shri B P Rao	Independent Director	2/2
4	Dr. Gurmohinder Singh*	Independent Director	--

\* Part of the year

The Nomination and Remuneration Committee met two times on 07.08.2018 and 11.09.2018 during the year.

**(iii) Stakeholders Relationship Committee**

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

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

The Committee consists of following Directors / Compliance Officer:

Sl.No.	Name of the Director	Category	Attendance
<b>Chairman:</b>			
1	Shri M G Raghuvver	Independent Director	1/1
2	Dr. Gurmohinder Singh*	Independent Director	--
<b>Members:</b>			
3	Shri B R Viswanatha*	Director (Mining & Construction Business)	1/1
4	Shri R H Muralidhara*	Director (Defence Business)	1/1
5	Shri Suraj Prakash	Director (Finance)	--
6	Shri Suresh S Vastrad	Director (Rail & Metro Business)	--
<b>Company Secretary:</b>			
7	Shri S V Ravisekhar Rao	Compliance Officer	1/1

\* Part of the year

The Stakeholders Relationship Committee met one time on 24.05.2018 during the year.

The Company has an exclusive platform to enable investors for on-line registration of their complaints. The Company endeavour to reply to the complaints within a period of 3 working days. In terms of Regulation 46(2)(j&k) of the Listing Regulations, the said e-mail ID and other relevant details are placed on the Company's web-site [www.bemlindia.in](http://www.bemlindia.in).

Further, pursuant to SEBI Circulars dated 03.06.2011 and 18.12.2014, M/s. Karvy Fintech Pvt. Ltd. (formerly M/s. Karvy Computershare Pvt. Ltd.) the Share Transfer Agent of the Company (STA), is authorized to monitor the on-line complaints placed by SEBI on SCORES. From the inception of the said system on 18.07.2011, there were 29 complaints placed and there was no complaint pending as on 31.03.2019. Further, the redressal status of the said complaints is reviewed by the Board of Directors from time to time.

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

No. of complaints pending beginning of the year :	0
No. of complaints received during the year :	17
No. of complaints resolved during the year :	17
No. of complaints pending resolved at the end of the year :	0

#### (iv) Risk Management Committee

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

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

- Review and approve the risk management policy and associated practices of the company.
- Ensure that appropriate systems are in place to manage the identified risks, so that the organizations assets and reputation are suitably protected.

- (c) Ensure that responsibility and authorities are clearly defined and adequate resources are assigned to implement the Risk Management Policy.
- (d) Review the key risks reported by the Corporate Risk Committee (CRC) and approve remedial mitigation decided by CRC for key risks.

The Committee consists of following Directors:

<b>Sl.No.</b>	<b>Name of the Director</b>	<b>Category</b>
<b>Chairman:</b>		
1	Shri B R Viswanatha	Director (Mining & Construction Business)
<b>Members:</b>		
2	Shri R. H. Muralidhara	Director (Defence Business)
3	Shri Suresh S Vastrad	Director (Rail & Metro Business)
4	Shri Suraj Prakash	Director (Finance)

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

**(v) Share Certificate Committee**

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

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

The Committee consists of following Directors / Compliance Officer:

<b>Sl.No.</b>	<b>Name of the Director</b>	<b>Category</b>	<b>Attendance</b>
<b>Chairman:</b>			
1	Shri B R Viswanatha	Director (Mining & Construction Business)	3/3
<b>Members:</b>			
2	Shri R H Muralidhara	Director (Defence Business)	3/3
<b>Company Secretary:</b>			
3	Shri S V Ravisekhar Rao	Compliance Officer	3/3

The Share Certificate Committee met 3 times on 10.04.2018, 18.04.2018 and 31.08.2018 during the year.

**(vi) Corporate Social Responsibility & Sustainability Committee**

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

The terms of reference of CSR Committee would include -

- (a) to formulate and recommend to the Board CSR Policy of the Company.
- (b) to recommend CSR projects/programmes

/activities along with the estimated budgets, and

- (c) to monitor the implementation of CSR projects / programmes / activities of the Company and expenditure thereon.

The Committee consists of the following directors:

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

\* Part of the year

The Board of Directors of your Company has formulated "Corporate Social Responsibility Policy (CSR) and also Sustainable Development Policy (SD)" to ensure commitment at all levels in the organization, and to operate the Company's business in an economically, socially and environmentally responsible and sustainable manner, while recognizing the interests of all stakeholders. Further, the CSR & SD policies of the Company along with the activities undertaken is placed on the Company's web-site [www.bemlindia.in](http://www.bemlindia.in).

The CSR Committee met once during the year on 24.05.2018. Annual report on CSR activities undertaken during the year 2018-19 is enclosed at **Annexure-VI**.

#### (vii) Procurement Committee

In terms of the guidelines issued by the Ministry of Defence, Government of India, the Board of Directors has constituted a Committee in the name as 'Procurement Committee' for considering and approving all procurements exceeding ₹100 lakhs from single sources and ₹1,000 lakhs through open / limited tenders.

The Committee consists of following directors:

Sl. No	Composition
1	Chairman & Managing Director - Chairman
2	All other Functional Directors - Members

The Procurement Committee met 23 times on 02.04.2018, 10.04.2018, 01.05.2018, 22.05.2018, 07.06.2018, 28.06.2018, 11.07.2018, 09.08.2018, 04.09.2018, 19.09.2018, 03.10.2018, 06.10.2018, 17.10.2018, 30.10.2018, 07.11.2018, 19.11.2018, 18.12.2018, 21.12.2018, 04.01.2019, 08.01.2019, 25.01.2019, 15.02.2019 and 05.03.2019 during the year under review.

#### (viii) Independent Directors Meeting

In terms of the provisions under the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, the Independent Directors met on 01.02.2019 and reviewed the action taken on the minutes of the previous meeting on quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties. All four Independent Directors have attended the meeting.

#### 4. REMUNERATION OF DIRECTORS

Your Company being a Central Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government communication appointing the Functional Directors is followed by the detailed terms

and conditions of their appointment including a provision for the applicability of the relevant rules of the Company.

Pursuant to Schedule IV of the Companies Act, 2013, the appointment of Independent Directors was formalized through a letter of appointment setting out the terms and conditions of their appointment, which

inter-alia, includes remuneration and reimbursement of expenses for participation in the meetings of Board and Committees of Board. Further, in terms of Schedule IV and Regulation 46(2)(b) of the Listing Regulations, the said terms and conditions are placed on the web-site of the Company [www.bemlindia.in](http://www.bemlindia.in).

(i) *Details of Remuneration paid to Functional Directors during the year 2018-19:*

(₹ in lakhs)

<b>Name Shri</b>	<b>Salary</b>	<b>Benefits</b>	<b>PF Contribution</b>	<b>Perquisites</b>	<b>Pension</b>	<b>Total amount 2018-19</b>	<b>Total amount 2017-18</b>
D K HOTA	28.43	9.64	3.29	5.62	0.12	47.10	45.34
B R VISWANATHA	24.16	9.32	2.90	3.61	0.00	39.99	38.40
R H MURALIDHARA	23.99	7.11	2.86	4.94	0.02	38.92	37.67
SURAJ PRAKASH*	21.06	5.22	2.56	3.08	0.12	32.04	--
SURSH S VASTRAD*	10.42	0.85	0.92	0.00	0.00	12.19	--
ANIRUDDH KUMAR*	--	--	--	--	--	--	22.46
<b>TOTAL</b>	<b>108.06</b>	<b>32.14</b>	<b>12.53</b>	<b>17.25</b>	<b>0.26</b>	<b>170.24</b>	<b>143.87</b>

\* Part of the year

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

- (a) Government Nominee Directors are not paid any remuneration including sitting fee for attending Board / Committee meetings. Further, none of the Government Nominee Directors had any pecuniary relationship or transactions with the Company during the year.
- (b) None of the Independent Directors had pecuniary relationship or transaction with the Company excepting receipt of sitting fee of ₹20,000/- per meeting of the Board / Committee of the Board attended by them. Further, if there are more than one such meeting on the same day, a sitting fee @ ₹10,000/- is paid for the second and subsequent meeting/s. Details of sitting fees paid to the Independent Directors during the year 2018-19 are given below:

<b>Name of the Director Shri / Dr.</b>	<b>Sitting fee for the meeting(s) of</b>		<b>Total (₹ in lakhs)</b>
	<b>Board</b>	<b>Committees</b>	
Sudhir Kumar Beri	1.60	1.60	3.20
M G Raghuveer	1.00	1.20	2.20
B P Rao	1.60	1.60	3.20
Gurmohinder Singh	1.20	0.60	1.80
<b>Total</b>	<b>5.40</b>	<b>5.00</b>	<b>10.40</b>

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

## 5. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as follows:

Year	Location	Date & Time
2017-18	'Grand Ball Room', The Chancery Pavilion, No.135, Residency Road, Opp. Bangalore Club, Shanthala Nagar, Ashok Nagar, Bengaluru - 560 025	27.09.2018 at 11:30 hrs
2016-17	Dr. B.R. Ambdekar Bhavan, Millers Road, Next to Jain Hospital, Kaverappa Layout, Vasanth Nagar, Bengaluru - 560052	21.09.2017 at 11:30 hrs
2015-16	API Bhavana, 16/F, Millers Tank Bed Area, Vasanth Nagar, Bengaluru - 560052	15.09.2016 at 11.30 hrs

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

## 6. SUBSIDIARY COMPANIES

In terms of Regulation 16(c) of the Listing Regulations and Chapter 6 of the DPE Guidelines, none of the subsidiaries of the Company would be defined as 'Material Subsidiary'. However, your Company has formulated a "Policy for Determining Material Subsidiaries" and the same is placed on the Company's web-site [www.bemlindia.in](http://www.bemlindia.in), as required under Regulation 46(2)(h) of the said Regulations.

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

## 7. DISCLOSURES

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

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

Company at [www.bemlindia.in](http://www.bemlindia.in). During the year 2018-19, all related party transactions that were entered into with the related parties were fair, transparent and at arm's length basis and also in the ordinary course of business of the Company. The said related party transactions were duly considered and noted by the Audit Committee. Further, details of related party transactions as required under Ind-AS 24 issued by the Institute of Chartered Accountants of India is given in Note No.39(C) of the Notes forming part of Accounts. It may be noted that no related party transaction was reported during the year involving the Directors, Key Managerial Personnel and other Designated Executives under Related Party Transactions Policy.

- b) The Company has prepared the financial statement, including consolidated financial statement based on the applicable Ind-AS issued by the Institute of Chartered Accountants of India from time to time.
- c) The Company has complied with Presidential Directives, if any, issued by the Central Government during the year and also in the last three years. Company has implemented pay revision to the Board level and below Board level executives w.e.f. 01.01.2017 after approval of the Board based on the guidelines issued by the Department of Public Enterprises vide OMs 03.08.2017, 04.08.2017 and 07.09.2017.
- d) There were no cases of non-compliance by the Company and no penalties or strictures were imposed on the Company

- by the Stock Exchanges, SEBI or other statutory authorities on any matter related to capital markets in the last three years.
- e) The Company has not entered into any contract or arrangement in which the Directors are interested in terms of section 184(2) and 188 of the Companies Act, 2013.
- 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.
- g) The expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management were - NIL.
- h) There were no items of expenditure debited in books of accounts, which are not for the purposes of the business.
- i) Finance cost increased by 23.52% for the year 2018-19 as compared to 0.60% in the last year mainly due to increase in interest on cash credit and short-term loans.
- j) In terms of the provisions of the Sexual Harassment of Women at a Work Place (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee is functional in all Complexes / Divisions for receiving complaints of Sexual Harassment if any, and it has been displayed in all the prominent locations for the information of all women employees. No complaints were filed during the year and there was no complaint pending at the end of the year 2018-19.
- b) In terms of Regulation 47 of the Listing Regulations, the financial results of the Company are published in English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in Kannada, being the regional language.
- c) BEML NEWS - a House Journal brought out periodically is posted on the Company's web-site [www.bemlindia.in](http://www.bemlindia.in).
- d) All material events and information including corporate announcements and press releases are promptly notified to NSE and BSE and the same are placed on the Company's web-site [www.bemlindia.in](http://www.bemlindia.in).
- e) The notice along with the audited financial statement form part of the Annual Report is sent to the members within the statutory period for the Annual General Meeting.
- f) The presentations made to Institutional Investors / Analysts giving an analysis of the performance and performance highlights of the Company are sent to NSE and BSE and also placed on the Company's website [www.bemlindia.in](http://www.bemlindia.in) for the information of the institutional investors, analysts and other shareholders.
- g) Company's Website: The website of the Company, [www.bemlindia.in](http://www.bemlindia.in), in English & Hindi languages gives comprehensive information including the details of business, facilities, vision, mission and values, management, research and development, indigenization, quality, sales and service network, human resources, corporate social responsibility and sustainability, purchases, vigilance, RTI, Investors and other updates and news. The section on 'Investors' informs the shareholders/investors, details about the financial results and annual reports, Company's codes and policies, various stock exchange disclosures, investor grievance redressal system, presentations made to investors/analysts, details of board committees, unpaid or unclaimed dividends, online investor complaints, complaints status,

## **8. MEANS OF COMMUNICATION**

- a) In terms of Regulation 33 of the Listing Regulations, the Quarterly, Half-yearly and Annual financial results of the Company are submitted to NSE and BSE through on-line platform immediately after the same are approved by the Board. Further, the said results are simultaneously posted on the Company's website [www.bemlindia.in](http://www.bemlindia.in).

details of debenture trustee and other material events or information relating to the Company.

## 9. RECONCILIATION OF SHARE CAPITAL AUDIT:

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

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

Your Company ensure that all activities in relation to transfer facilities are maintained by M/s. Karvy Fintech Private Limited, a SEBI registered Category-I Registrar & Share Transfer Agent. Further, in terms of Reg. 7(3) of Listing Regulations half-yearly compliance certificates for the year 2018-19 were submitted to BSE & NSE on time and also placed on the website of the Company [www.bemlindia.in](http://www.bemlindia.in).

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

Your Company ensure that the share transfer agent produces a certificate from a Practicing Company Secretary within one month of the end of each half of the financial year, certifying that all share certificates have been issued within thirty days of the date of lodgment for transfer, sub-division, consolidation, renewal,

exchange etc. Accordingly, your company has submitted the said half-yearly certificates for the year 2018-19 to BSE & NSE on time and also placed on the website of the Company [www.bemlindia.in](http://www.bemlindia.in).

## 12. GENERAL SHAREHOLDER INFORMATION

- (i) Corporate Identification Number (CIN) of your Company: L35202KA1964GOI001530
- (ii) The 55<sup>th</sup> Annual General Meeting for the year 2018-19 is scheduled on 26<sup>th</sup> September, 2019 at 11.30 Hours at 'Grand Ballroom' Taj West End, #25, Race Course Road, High Grounds, Bengaluru-560 001.
- (iii) Tentative calendar for declaration of results for 2019-20 is given as below:

For the quarter ending 30.06.2019	On or before 02.08.2019
For the quarter ending 30.09.2019	On or before 06.11.2019
For the quarter ending 31.12.2019	On or before 14.02.2020
For the year ending 31.03.2020	On or before 30.05.2020
56 <sup>th</sup> Annual General Meeting	On or before 30.09.2020

- (iv) The Register of Members and Share Transfer Books shall remain closed from 21.09.2019 to 26.09.2019 (both days inclusive).
- (v) Your Board of Directors has declared an interim dividend of ₹4.50/- per share, i.e., 45% of the equity share capital on 21.03.2019, which was distributed among the eligible shareholders within the due date. Further, your Board of Directors has recommended final dividend of ₹2.50/- per share, i.e., 25% on the equity shares of ₹10/- each (par value) for the year ended 31.03.2019 and final dividend, if approved at the 55<sup>th</sup> Annual General Meeting, will be distributed among the shareholders within the due date.
- (vi) Company's equity shares are listed on the following stock exchanges:

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

National Stock Exchange of India Limited ('NSE')

Exchange Plaza, Bandra-Kurla Complex  
Bandra (East), MUMBAI - 400 051

Listing fee for the year 2018-19 was paid to BSE and NSE during April, 2018.

(vii) Stock Code:

BSE	500048
NSE	BEML

(viii) Custody / Issuer charges to Depositories

Your Company has paid custody / issuer charges for the year 2018-19 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(ix) Details for non-compliances

The Board of Directors of the Company is duly constituted with requisite balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company had appointed adequate number of Independent Directors (IDs) as per the provisions of the Companies Act, 2013. However, the same is not complied as per the requirements of the Listing Regulations. In this connection, Stock Exchanges (NSE & BSE) have sent a notice levying penalty for which the Company has made written request to exonerate the Company from paying the penalty in view of the said appointments are under the consideration of Government of India. Further, regular follow up is being made with Administrative Ministry in this regard.

(x) Compliance with discretionary requirements

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

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

and is a permanent invitee to the meetings of Audit Committee.

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

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

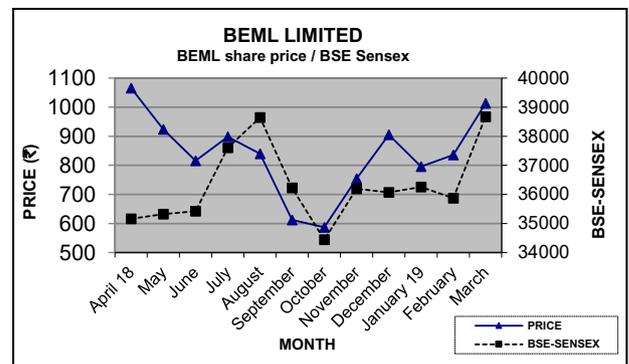
(xii) Market Price Data:

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

(a) BEML Share price on BSE vis-a-vis BSE Sensex from April 2018 to March 2019.

Month	BSE Sensex	BSE (₹ per share)		
	Close	High	Low	Close
April, 2018	35,160	1,172	1,019	1,066
May	35,322	1,167	910	924
June	35,423	932	775	816
July	37,607	909	737	898
August	38,645	935	777	840
September	36,227	870	601	612
October	34,442	639	521	587
November	36,194	787	588	754
December	36,068	946	684	905
January, 2019	36,257	930	775	796
February	35,867	853	726	836
March	38,673	1,029	838	1,013

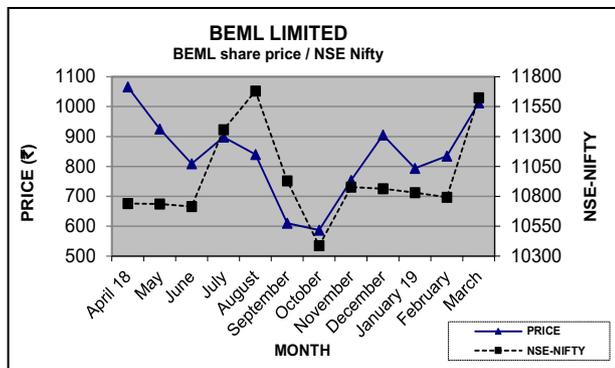
Performance in comparison to broad-based BSE Index based on last trading day of each month is as under:



(b) BEML Share price on NSE vis-a-vis NSE NIFTY from April 2018 to March 2019:

Month	NSE Nifty	NSE (₹ per share)		
	Close	High	Low	Close
April, 2018	10,739	1,172	1,018	1,066
May	10,736	1,198	911	925
June	10,714	931	775	809
July	11,357	909	737	898
August	11,681	935	777	840
September	10,930	980	601	610
October	10,387	639	521	587
November	10,877	788	588	753
December	10,863	945	686	905
January, 2019	10,831	931	775	794
February	10,793	853	725	835
March	11,624	1,030	839	1,013

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



(xv) Shareholding pattern as on 31.03.2019:

Sl.No	Description	No. of Cases	Total Shares	% Equity
1	Government of India	1	2,25,00,000	54.03
2	Mutual Funds	29	84,57,153	20.31
3	Resident Individuals	67,869	45,35,837	10.89
4	Bodies Corporates	814	16,61,310	3.99
5	Foreign Portfolio Investors	40	15,44,507	3.71
6	Indian Financial Institutions	7	20,69,316	4.97
7	Non-Resident Indians	864	2,64,033	0.63
8	HUF	1,780	1,81,109	0.43
9	Non-Resident Indian Non Repatriable	435	59,661	0.14
10	Clearing Members	285	2,91,725	0.70
11	NBFC / Banks / Trusts / FII/ IEPF	28	79,849	0.20
<b>Total</b>		<b>72,152</b>	<b>416,44,500</b>	<b>100.00</b>

(xiii) Registrar and Share Transfer Agent:

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

**Karvy Fintech Private Limited**

Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad - 500 032. Ph: 040 - 67161526,  
Fax: 040 - 23001153  
E-mail: nageswara.raop@karvy.com,  
einward.ris@karvy.com  
Website: www.karvyfintech.com

(xiv) Share Transfer System

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

(xvi) Top 10 shareholders as on 31.03.2019 based on PAN:

<b>Sl. No.</b>	<b>Name of the shareholder</b>	<b>No. of shares</b>	<b>% holding</b>
1	HDFC Trustee Company Limited – HDFC Infra-structure	37,15,380	8.92
2	Kotak Debt Hybrid	20,22,270	4.86
3	L&T Mutual Fund Trustee Ltd - L&T Infrastructure	19,17,209	4.60
4	Life Insurance Corporation of India	11,56,380	2.78
5	Abu Dhabi Investment Authority - Lglinv	6,71,000	1.61
6	National Insurance Company Ltd	4,93,094	1.18
7	Aditya Birla Sun Life Trustee Private Limited	4,25,000	1.02
8	Tata Aia Life Insurance Co Ltd-Whole Life Mid Cap	4,04,298	0.97
9	HDFC Life Insurance Company Limited	3,12,738	0.75
10	Dimensional Emerging Markets Value Fund	2,25,960	0.54
<b>Total</b>		<b>11,343,329</b>	<b>27.24</b>

(xvii) Distribution of shareholding as on 31.03.2019:

<b>Range of equity shares held</b>	<b>No. of Shareholders</b>	<b>% to total holders</b>	<b>No. of Shares</b>	<b>% to total equity</b>
1-100	64,283	89.09	17,79,685	4.27
101-200	3,947	5.47	6,19,815	1.49
201-500	2,521	3.49	8,53,529	2.05
501-1000	769	1.07	5,95,816	1.43
1001-5000	488	0.68	10,43,090	2.50
5001-10000	64	0.09	4,60,468	1.11
10001 and above	80	0.11	362,92,097	87.15
<b>Total</b>	<b>72,152</b>	<b>100.00</b>	<b>416,44,500</b>	<b>100.00</b>

(xviii) Details of Shares held in Unclaimed Suspense Account

Company made Follow-on Public Offer during 2007 and certain shares could not be delivered / credited to investors due to reasons such as incomplete / wrong / invalid demat account details, incomplete address, etc. In terms of Regulation 39(4) of the Listing Regulations, 245 unclaimed shares were kept in a separate Suspense Account and all 245 shares held by 17 shareholders were transferred to the IEPF during 2017-18 established by the Central Government pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017. Any shareholder whose unclaimed shares are transferred to the IEPF may approach STA / Company for claiming back such shares.

(xix) 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 31.03.2019, 99.70% of the equity shares of the Company are in electronic form. The Company's shares are being traded under International Securities Identification Number (ISIN) - INE258A01016.

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

(xx) Investor safeguards:

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

(a) Open Demat Account and dematerialise your shares

Members should convert their physical holdings into electronic holdings. Holding shares in electronic form helps Members to achieve immediate transfer of shares. No stamp duty is payable on transfer of shares held in electronic form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

(b) Consolidate your multiple folios

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

(c) Confidentiality of security details

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

(d) Dealing with Registered Intermediaries

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

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

A valid Contract Note/Confirmation Memo should be obtained from the broker/

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

(f) Update your address

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

(g) Prevention of frauds

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

(h) Monitor holdings regularly

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

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

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

(j) Mode of Postage

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

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

(xxii) Listing of Debt Securities:

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

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

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

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

(xxiv) Plant Locations

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

(xxv) Address for correspondence with the Company:

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

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

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

(xxvii) Green Initiative

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

In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA / DP. This would enable the Company to send notices and documents to the shareholders through e-mail. There are about 56622 shareholders registered their e-mail IDs with the depository for communication purposes as on 31.03.2019, to whom the notice, annual reports, etc., may be sent in e-mode.

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

(xxviii) Unclaimed Dividends

Under the provisions of the Companies Act, 2013, any amount that remains unpaid/unclaimed in the Unpaid Dividend Account of the Company for a period of 7 years from the date of transfer to the said account, has to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

Further, MCA vide notification dated 05.09.2016 and subsequent amendments dated 28.02.2017 and 13.10.2017 stipulated that all shares in respect of which dividend has not been paid or

claimed for seven consecutive years shall be transferred to IEPF. Accordingly, all the unclaimed dividend amounts declared prior to 31.03.2012 along with shares are transferred to IEPF. Any shareholder whose shares are transferred to the IEPF may approach STA / Company for claiming back the shares along with the unpaid dividend amount.

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

<b>Dividend for the financial year</b>	<b>Date of Declaration</b>	<b>Unclaimed as on 31.03.2019 (₹ in lakhs)</b>	<b>Due for transfer on</b>
2011-12	14.09.2012	7.10	20.10.2019
2012-13	13.09.2013	4.34	19.10.2020
2013-14	18.09.2014	2.00	24.10.2021
2014-15	15.09.2015	1.60	21.10.2022
2015-16	15.09.2016	6.26	21.10.2023
2016-17	21.09.2017	10.80	27.10.2024
2017-18	26.09.2018	11.91	01.11.2025
2018-19 (Interim)	21.03.2019	861.50	26.04.2026
<b>Total</b>		<b>905.51</b>	<b>--</b>

### 13. COMPLIANCE WITH CORPORATE GOVERNANCE

- (i) Your Company submitted quarterly compliance report on Corporate Governance as per prescribed format to the MoD, BSE and NSE and also on half-yearly/yearly basis to BSE and NSE, within 15 days from the close of each calendar quarter.
- (ii) Further, your Company submitted grading reports on the compliance with the Corporate Governance with MoD and DPE on annual basis. As per the self-grading report for the year 2018-19, your Company has scored 'Excellent' rating in adhering to the Corporate Governance standards by achieving about 96% of the compliances.

For and on behalf of the Board of Directors

Bengaluru  
25.05.2019

*Sd/-*  
D K Hota  
Chairman & Managing Director

## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

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

To the members of M/s. BEML Limited

I have examined all the relevant records of BEML Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and DPE Guidelines on Corporate Governance for CPSEs-2010 for the year ended 31st March, 2019. 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 explanation and information furnished, I certify that the Company has complied with mandatory requirements of the Listing Regulations and DPE Guidelines on Corporate Governance for CPSEs-2010 excepting composition of Board of Directors with regard to Independent Directors.

For Velichety & Co.  
Chartered Accountants

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

Bengaluru  
May 9th, 2019

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### (i) Industry structure and developments:

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

#### Organization

The three major Business verticals viz., Mining & Construction, Defence & Aerospace and Rail & Metro are headed each by a Business Group Director. The International Business Division exports equipment and spares and also extend service support. The Company's manpower strength stood at 7,185 as on 31.03.2019.

#### Production Units

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

**Bengaluru Complex:** Bengaluru Complex manufactures various types of railway products such as rail coaches, AC Electrical Multiple Units (ACEMUs), Diesel Electric Multiple Units (DEMUs), Main Line Electric Multiple Unit (MEMUs), Stainless Steel Electrical Multiple Units (SSEMUs), Overhead Equipment Inspection Car (OHE Cars) / Diesel Electric Tower Car (DETC), Treasury Van, etc., for the Indian Railways. The Company also manufactures Stainless Steel Metro Cars for the Delhi Metro, Bengaluru Metro, Jaipur Metro and Kolkata Metro. The Bengaluru Complex also manufactures defence products such as military rail coaches, ejector and air cleaner assemblies and military wagons.

**KGF Complex:** KGF Complex encompasses *Earth Moving Division, Hydraulics and Powerline Division, Rail Unit-II* and *Heavy Fabrication Unit*. Earth Moving Division produces a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders and Dozers, Pipe Layers, Tyre Handlers, Hydraulic Cranes, Engineering Mine Ploughs, Hulls for Battle Tanks and Armoured Recovery Vehicles. Also the Earth Moving Division has

infrastructure to manufacture Electric Rope Shovels and Walking Draglines. Hydraulic & Powerline Division produces Transmissions, Axles, Hydraulic aggregates and allied assemblies required for the manufacturing units of BEML, Transmissions for Infantry Combat Vehicles and aggregates for battle tanks to the OFB. Rail Unit -II manufactures Rail Coaches, aggregates for Railway EMUs and structures for Aero-bridges. Heavy Fabrication Unit manufactures fabrication of structures, assembly of equipment and manufacture of components for Mining & Construction and Defence business verticals.

**Mysuru Complex:** Mysuru Complex encompasses *Truck Division, Engine Division* and *Aerospace Manufacturing Division*. The *Truck Division* manufactures off-highway Rear Dump Trucks, Motor Graders, Water Sprinklers and High Mobility Heavy Duty Vehicles. The Dredging Equipment Manufacturing Division caters to the requirements of Dredging equipment. The *Engine Division* manufactures a wide range of Diesel Engines powering BEML's product range and air-cooled engines for High Mobility Heavy Duty Trucks. The *Aerospace Manufacturing Division* produces Aircraft Towing Tractors, Ground Handling & Support Equipment, Weapon Loaders and aggregates for Missiles.

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

**Marketing:** BEML's products are sold and serviced through its large marketing network comprising 12 Regional Offices, 15 District Offices, and 5 Service Centres across the country. The Company also establishes temporary activity centres at customer locations to support and service equipment. Further, the Company has established full-

fledged 'Service Training Centres' at KGF Complex and Mysuru Complex for offering variety of programs, scheduled round-the-year.

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

**Developments & Performance during 2018-19:**

As per the advance estimates of Central Statistical Organization, the Indian economy is likely to post 7% growth in GDP for the year 2018-19.

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

**Mining & Construction**

- Company has supplied, India's biggest 190T & 150T Dump Trucks to Coal companies which were designed and developed by in-house R&D.
- "CII Design Excellence Award 2018" for 'Design and Development of BD65 Torque Converter'.
- "Top Challengers Award 2018" for excellent performance during FY 2017-18 and "Best Mining Equipment Seller Award" in Crawler Equipment- Dozers and Rigid Dump Truck segment for mining sectors.
- Signed MoU with M/s. HEC to cater to the demand of Mining Industry with products such as, Rope Shovel & Walking Dragline.

**Defence**

- T-72 Trawl assembly were supplied to R&DE.
- Developed aggregates for Quick Reaction Surface to Air Missile (QRSAM).

**Rail & Metro**

- Company has bagged Order for supply of Metro Cars to Mumbai Metro.
- Indigenously designed & developed Metro Train sets to Kolkata Metro Rail

Corporation Limited were successfully undergone trials.

- "International Quality Gold Award – 2018" for case study on 'Minimizing Weld distortion in Metro Bogie Frame Manufacturing.

**(ii) Strength and Weakness:**

**(a) Strength**

- Established manufacturing infrastructure, knowledge base, with dominant market share across categories.
- Extensive Sales and Service infrastructure – Established Regional, District Office & Activity centers across India.
- Expertise in manufacturing Stainless Steel Coaches, Metro Cars, EMUs, etc.
- Capability to design & manufacture of high-end Mining equipment.
- All manufacturing units accredited with ISO 9001-2000 certification and Quality Management System (QMS) as per ISO 9000-2008 standard.
- Established R&D base with dedicated test facilities.
- Strong relationship with Services, Defence Labs and Government agencies
- Market Leader in High Capacity Dozers in India
- Major market share in Metro cars in India.
- Green Company – Use of Renewable energy sources
- Good Brand value, Large Customer base and work ethics culture

**(b) Weakness**

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

### (iii) Opportunities and Threats:

#### (a) Opportunities

##### Mining & Construction:

- Coal India Limited has earmarked Capex of ₹10,000 Crore during 2019-20.
- Increased thrust by Government in infrastructure development.

##### Rail & Metro:

- Capex of ₹64587 Crore earmarked by Indian Railways during 2019-20 towards capacity augmentation and Maintenance Vehicle
- Metro Rail extending to Tier-II cities in the Country. Light Rail Metro is also catching up as a revenue line which is expected to emerge from tier-II & tier-III cities.
- Indian Railways is graduating to LHB Coaches and Stainless-Steel EMUs.
- Regional Rapid Transit System (RRTS) across National Capital Region is expected to emerge as a revenue line for Rail Business.
- Thrust on GoI Public Procurement (Preference to Make in India), Order 2017.

##### Defence:

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

##### New Areas:

- Demand for high end Electric Drive Dump Trucks, Excavators and Bull-Dozers.
- New Opportunities in Aerospace Business.
- Medium speed EMUs and High-speed trains.
- Emerging business opportunity for Light Rail.

#### (b) Threats

- 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.
- High expectations of contractor segment.
- Increasing pressure on reducing ownership costs.
- Improved technology for operational cost to stay ahead in business.
- Increased FDI caps in Defence sector.
- Opening up of Defence purchases to private sector.
- Manifold increase in competition from Indian Private industry and foreign OEMs in Defence sector
- Policy interventions favouring Private sector.

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

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

#### (v) Outlook:

*As per ICRA report on the industry "Demand for Mining & Construction Equipment (MCE) post elections will be a function of a stable government and continued focus on infrastructure investments. This apart, the likely impact of the emission norm changes in off-road equipment during October 2020 on prices of Construction Equipment (CE) is another headwind for CY2020 that may affect demand growth.*

*The outlook for ME from late CY19 onwards is expected to be positive but will be largely contingent on Coal India's massive equipment ordering plans. Coal India has already floated tenders and factoring in a 9-12-month period for delivery of these large capacity equipment, demand for mining equipment should increase in CY2020. This demand spike also includes pent-up demand of the past three-four years, when Coal India's ordering was delayed due to some procurement hurdles."*

*Further, as per International Monetary Fund (IMF) Report, "The economy is projected to grow at the rate of 7.5% during 2019, expanding further to 7.7% during 2020 as per the International Monetary Fund (IMF) World Economic Outlook January update. The growth rates for the economy are pegged much higher than the global growth rates for the same years, at 3.5% and 3.6% for 2019 and 2020 respectively, thus placing the economy on a solid footing even amidst growing global uncertainties."*

This augurs well for the Company especially to the Mining & Construction group as it derives demand for High capacity Mining equipment and equipment for construction sector.

This financial year, the Defence Services has been allocated higher funds for capital acquisition as compared to previous year.

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

With increased Capex earmarked by Indian Railways and upcoming Regional Rapid Transit System (RRTS), Coach manufacturing is graduating to Medium / High speed Coaches/ LHB Coaches.

It is worth to mention that Company has supplied developmental orders of LHB Coaches during 2018-19 and geared up to supply first set of Main Line Electric Multiple Units during current year.

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

Further, Metro Rail is extending to Tier-II cities in the Country. Light Rail Metro is also catching up as a revenue line which is expected to emerge from tier-II & tier-III cities. BEML is optimistic about getting orders for upcoming Metro Car projects.

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 Medium / High Speed Coaches, overhauling of recovery vehicles, Passenger Boarding Bridges, Hull, Transmission & Engines for T-72 Tanks, High Capacity Mining equipment viz. Dump Trucks, Bulldozers, Excavators, Rope Shovels & Walking Draglines, etc., to add business.

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

The major challenges to the Company are:

- Bridging the technology gap and meeting the emerging demand for higher capacity equipment in line with global market trend.
- Maintaining cost competitiveness.
- Sustaining the market share in view of entry of MNCs.
- Support in terms of Orders from Indian Railways.
- Long process in conversion of Defence Orders.
- Defence business opening up to private sector.

#### **(vii) Internal control systems and their adequacy:**

The Company has an internal control system designed to provide high degree of assurance regarding optimization and safeguarding of resources, quality and reliability of financial and operational information, compliance with applicable statutes and corporate policies.

It is the Company's endeavour to align all its processes and controls with global best practices.

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

The Audit Committee reviews audit reports submitted by the internal auditors and follow

up on the implementation of corrective actions periodically.

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

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:**

(₹ Crores)

Particulars	2018-19	2017-18
a. Gross Revenue	<b>3481</b>	3306
b. Revenue from Operations	<b>3481</b>	3305
c. Value of Production	<b>3467</b>	3227
d. Profit before Depreciation, Interest and Tax	<b>260</b>	276
e. Finance costs	<b>59</b>	48
f. Depreciation and amortization expense	<b>70</b>	64
g. Profit Before Tax	<b>131</b>	164
h. Tax Expense	<b>67</b>	34
i. Profit after Tax	<b>63</b>	129
j. Other Comprehensive Income	<b>13</b>	71
k. Total Comprehensive Income	<b>50</b>	59
l. Networth	<b>2187</b>	2200
m. Inventory	<b>1702</b>	1800
n. Trade Receivables (Net)	<b>1613</b>	1642
Total Inventory in no. of days of VoP (m/c)	<b>179</b>	204
Trade Receivables /Revenue from Operations in days (n/b)	<b>149</b>	181
Profit before Tax to Revenue from Operations (g/b) (%)	<b>3.76%</b>	4.96%
Profit after Tax to Networth (i/l) (%)	<b>2.88%</b>	5.88%

Your Company achieved all time high revenue from operations (net) of ₹3481 crores as against ₹3246 crores in the previous year, registering a growth of 7.24% compared to previous year. The increase in sales is mainly on account of increase in the turnover from Rail & Metro Business.

The Value of Production (net) is ₹3467 crores as against ₹3227 crores, registering an increase of 7.44% over previous year. The

Profit before Tax was ₹131 crores as against Profit before Tax of ₹164 crores recorded in the previous financial year.

There was no change in the nature of business of the Company during the year. Further, there was no material change / commitment occurred affecting the financial position of the Company subsequent to the financial year ended 31.03.2019 till the date of this report.

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

<b>Key Financial ratio</b>	<b>2018-19</b>	<b>2017-18</b>	<b>%age Change</b>	<b>Explanation</b>
(i) Debtors Turnover	2.16 times	2.01 times	7.5	-
(ii) Inventory Turnover	2.04 times	1.83 times	11.5	-
(iii) Interest Coverage Ratio	3.21	4.41	(27.2)	Due to increase in interest rates
(iv) Current Ratio	2.08	2.27	(8.4)	-
(v) Debt Equity Ratio	0.18	0.20	(10)	-
(vi) Operating Profit Margin (%)	7.47	8.35	(10.5)	-
(vii) Net Profit Margin (%)	1.82	3.92	(53.6)	Decrease in net profit due to adjustment of DTA.

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

<b>Key Financial ratio</b>	<b>2018-19</b>	<b>2017-18</b>	<b>%age Change</b>	<b>Explanation</b>
Return on net worth	159%	141%	12.77	--

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

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

The industrial relations have been harmonious and cordial. The manpower strength as of 31.03.2019 stood at 7,185. During the year, 20,135 man-days of training were imparted to sharpen their skills and update their knowledge of employees.

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

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

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

Relevant information in this regard is disclosed in Annexure -VI of the Board's Report.

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

For and on behalf of the Board of Directors

Bengaluru  
25.05.2018

Sd/-  
D K Hota  
Chairman & Managing Director

## BUSINESS RESPONSIBILITY REPORT

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L35202KA1964GOI001530
2. Name of the Company: BEML Limited
3. Registered address: BEML Soudha, No.23/1, 4th Main, S.R. Nagar, Bengaluru - 560 027
4. Website: www.bemlindia.in
5. E - mail id: cs@beml.co.in
6. Financial Year reported: 2018-19
7. Sector(s) that the Company is engaged in (industrial activity code - wise):
  - (a) 28243 - Mining & Construction
  - (b) 30400 - Defence
  - (c) 30203 - Rail & Metro
8. List three key products/services that the Company manufactures/provides (as in balance sheet):
  - (i) Mining Equipment - Dozers, Dumpers, Excavators, Loaders, Shovels, etc.
  - (ii) Defence Products - Heavy Duty Trucks, Bridge Systems, Recovery Vehicles
  - (iii) Metro Cars, Electric Multiple Units, Maintenance Vehicles
9. Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations (Provide details of major five):  
Only one overseas office at Brazil which is under dormant state.
  - (b) Number of National Locations:  
Manufacturing Units at: Bengaluru (Karnataka), Mysuru (Karnataka), Kolar Gold Fields (Karnataka) and Palakkad (Kerala).  
Regional Offices at: Bengaluru, Bilaspur, Dhanbad, Hyderabad, Kolkata, Mumbai, Nagpur, New Delhi, Neyveli, Ranchi, Sambalpur and Singrauli.

District Offices at: Ahmedabad, Asansol, Bachel, Bhilai, Bhubaneswar, Chandrapur, Chennai, Guwahati, Hospet, Jammu, Kothagudem, Leh, Ramagundem, Udaipur and Vijaywada.

Service Centres at: Bilaspur, Hyderabad, Kolkata, New Delhi and Singrauli.

Spare Parts Warehouse for Defence at Pune and Jodhpur.

Activity Centres are Bhopal, Itanagar, Kochi, Madurai, Mahar, Panjim, Silapathar and Vishakapatnam.

10. Markets served by the Company - Local/State/National/International:  
National and International

### Section B: Financial Details of the Company

1. Paid up Capital (₹): 41.64 crores
2. Total Turnover (₹): 3481 crores
3. Total Comprehensive Income (₹): 50 crores
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):  
During the financial year 2018-19, Company has incurred an expenditure of ₹3.10 crores which is more than 2% of the average net profits of the Company made during the three immediately preceding financial years.
5. List of activities in which expenditure in 4 above has been incurred:
  - (a) Education,
  - (b) Medical facilities, and
  - (c) Support to Armed Forces

### Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?  
Yes, the Company has the following three Subsidiary Companies:
  - (a) M/s. Vignyan Industries Limited (VIL):  
CIN-U51101KA1963PLC001510

- (b) M/s. MAMC Industries Limited (MIL): CIN-U29253WB2010GOI152567
- (c) M/s BEML Brazil Industrial Ltd was established on May 17, 2007 as per the requirement under the local laws of Brazil.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).
- No.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
- Outsourcing and vendor development strategy helps in identifying the blemish

free vendors. Periodical vendor evaluation is carried out and added to the Approved Vendor List (AVL). Further, the Company has introduced e-procurement, e-payment to vendors, Integrity Pact, etc., to further ensure transparency and fair business practices. Through vendor rating mechanism, feedback is provided to suppliers with regard to quality, delivery and performance. To summarize, about 65% of the vendors available in the AVL conform to key principles of business responsibility.

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

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

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

Sl.No.	Particulars	BR Heads		
1	DIN (if applicable)	07363486	07363484	06725629
2	Name	B R Viswanatha	R H Muralidhara	Suresh S Vastrad
3	Designation	Director (Mining & Construction) Business	Director (Defence Business)	Director (Rail & Metro Business)
4	Telephone No.	080-22963216	080-22963114	080-25244952
5	e-mail id	dmhq@beml.co.in	office@dd.beml.co.in	droffice@beml.co.in

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

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

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have policy/policies for..	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

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

Not applicable as the Company has formulated policies based on all the nine principles.

### 3. Governance related to BR

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

The Committee of Functional Directors will review the BRR periodically.

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

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

### Section E: Principle-wise performance

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

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

Yes. In addition, the Company has adopted Integrity Pact with all vendors / suppliers/ contractors / service providers for all orders/ contracts of value ₹1 Crore and above. The pact essentially envisages an agreement between the prospective vendors / bidders and the Company, committing the persons/ officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a pact with the principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the completion of contract. Any violation of the same would entail disqualification of the bidders and exclusion for future business dealings. Two Independent External Monitors (IEMs) have been appointed to review the

cases on bi-monthly basis or quarterly basis. During the year, ₹831 crores worth of purchase orders were entered into Integrity pact.

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

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

In BEML, there is constant effort to enhance stakeholders' satisfaction level. Accordingly, many initiatives have been taken to redress the complaints effectively. During the year, the Company has received about 17 complaints from shareholders and all of them were successfully resolved.

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

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

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

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

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

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

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

Yes.

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

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

Necessary steps have been taken to protect the environment which addresses conservation of natural resources. Substantial efforts have been made in sourcing energy efficient equipments, also in identifying and replacing energy in-efficient equipments to enhance energy conservation. More and more renewable energy systems are being implemented.

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

Yes.

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

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

To facilitate the vendors to scale up their capacity and capability, the vendors are evaluated through vendor rating mechanism including quality and delivery rating. Besides, the company adopts stringent criterion on various parameters including capacity and

capability for evaluation. The various issues arising due to the above factors are addressed during the annual vendor meet of the company for mutual benefit.

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

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

**Principle 3: Businesses should promote the wellbeing of all employees**

- Please indicate the Total number of employees: 7,185
- Please indicate the Total number of employees hired on temporary/ contractual/casual basis: 4,910
- Please indicate the Number of permanent women employees: 263
- Please indicate the Number of permanent employees with disabilities: 155
- Do you have an employee association that is recognized by management: Yes
- What percentage of your permanent employees is members of this recognized employee association :70% (all employees except executives).
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

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

Sl. No.	Category	Total Employees	% of persons trained on Safety Aspects	% of persons trained for Skill Upgradation
1	Permanent Employees	7,185	30.23	64.13
2	Permanent Women Employees	263	32.32	48.67
3	Casual/ Temporary/ Contractual Employees	4,910	20.65	8.11
4	Employees with Disabilities	155	12.26	14.19

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

- Has the company mapped its internal and external stakeholders? Yes/No  
 Yes, the Company has mapped its internal and external stakeholders which includes
  - Government & Regulatory authorities.
  - Customers
  - Investors
  - Employees
  - Local Community and other stakeholders

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Company has identified the aforesaid stakeholders as part of its CSR policy objectives and Swachh Bharat Abhiyan initiatives.

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

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

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

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

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

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

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

NIL

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

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

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

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

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

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

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

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

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

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

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

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

Yes. This is being closely monitored and reported.

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

Nil

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

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

- (a) Confederation of Indian Industry (CII)
- (b) Engineering Export Promotion Council (EEPC)
- (c) Federation of Indian Chambers of Commerce & Industry (FICCI)
- (d) Federation of Indian Export Organisations (FIEO)
- (e) Federation of Karnataka Chambers of Commerce and Industry (FKCCI)
- (f) Indian Construction Equipment Manufacturer's Association (ICEMA)
- (g) Society of Defence Technologists (SODET)
- (h) Standing Conference of Public Enterprises (SCOPE)

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

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

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

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

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

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

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

- (a) Education,
- (b) Medical facilities, and
- (c) Support to Armed Forces

3. Have you done any impact assessment of your initiative?

The CSR Policy is formulated to commit for enhanced value-creation for the Society, shareholders, other stakeholders and the communities by taking-up activities and initiatives for sustainable growth for the Society, with environmental concern.

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

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

During the year 2018-19, an amount of ₹3.10 crores was set aside by the Company on various CSR programmes / projects. Some of the key programmes undertaken during the year are given in the Annexure VI: Report on CSR activities.

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

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

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

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

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

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

Yes.

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

No.

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

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

For and on behalf of the Board of Directors

Bengaluru  
25.05.2019

*Sd/-*  
D K Hota  
Chairman & Managing Director

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

The CSR Policy is formulated to commit for enhanced value-creation for the Society, shareholders, other stakeholders and the communities by taking-up activities and initiatives for sustainable growth for the Society, with environmental concern. To pursue this vision, the Company has set the objectives as under:

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

Further, the CSR Policy and details of the projects / programmes may be accessed on Company's web-site at [www.bemlindia.in](http://www.bemlindia.in).

- (b) The Composition of the CSR Committee

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

\* Member up to February 02, 2019

\*\* Inducted as Member w.e.f February 02, 2019

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

The average net profit of the Company for the last three financial years is ₹113.33 crores and 2% of the same would be ₹2.27 crores. Accordingly, the same was required to be spent during the year under review as per the provisions of the Companies Act, 2013. However, in continuing with the endeavour towards being a socially responsible business entity, the Company has incurred a sum of ₹3.10 crores towards CSR Activities.

- (d) Prescribed CSR Expenditure: ₹2.27 crores

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

- (i) Total amount to be spent for the financial year: ₹2.27crores

- (ii) Amount unspent, if any: Not Applicable  
(iii) Manner in which the amount spent during the financial year is as per Annexure.
- (f) In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
- Not Applicable
- (g) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

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

Sd/-  
Chairman & Managing Director

Sd/-  
Chairman CSR Committee

### DETAILS OF CSR PROJECTS FOR THE YEAR 2018-19

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

(₹ in Lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs identified		Amount outlay (budget) project or programs in Lakhs	Amount spent on project or programmer		Cumulative Expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
			1) Local Area or other area	(2) Specify the State and District where the project or programs was under taken		(1) Direct Expenditure on the projects or Programs	(2) Over heads		
1	Providing of Education to local population at KGF	Education (Item No. (ii) of Schedule-VII)	Local areas	Kolar District, Karnataka	As per the provisions of Companies Act, 2013	309.45	-	309.45	Direct
2	Mobile Medical camp & Medical facility at KGF for BGML & Dasarahosahalli	Health Care (Item No. (i) of Schedule-VII)	Local areas	Kolar District, Karnataka		0.53	-	0.53	Direct
3	Support to Armed Forces Flag Day Fund	Benefit to armed forces veterans, war widows and their dependents (Item No. (vi) of Schedule-VII)	Other Areas	New Delhi		0.20	-	0.20	Kendriya Sainik Board, Ministry of Defence, New Delhi
<b>Total</b>						<b>310.18</b>	<b>-</b>	<b>310.18</b>	

For and on behalf of the Board of Directors

Bengaluru  
25.05.2019

Sd/-  
D K Hota  
Chairman & Managing Director

## **SECRETARIAL AUDIT REPORT**

**For the Financial Year ended 31st March 2019**

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

### **To the Members of BEML Limited**

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BEML Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and subject to our separate letter attached hereto as the Annexure, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2019 according to the provisions of:
  - (a) The Companies Act, 2013 (the Act) and the Rules made there under;
  - (b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  - (c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (d) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (e) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008;
    - iv. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
    - v. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013 and dealing with client [Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year];
    - vi. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015
  - (f) The Electricity Act, 2003 and the Rules made there under.
  - (g) Indian Copyright Act, 1957
  - (h) The Patents Act, 1970
  - (i) The Trade Marks Act, 1999
  - (j) Guidelines on Corporate Governance for Public Sector Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public

- Enterprises, Government of India – as relates to composition and appointment of Directors.
- (k) Guidelines issued by the Department of Investment and Public Asset Management, Ministry of Finance - as applicable to Central Public Sector Enterprises.
4. We have also examined compliance with the Listing Agreements entered into by the Company and compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  5. We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
  6. We further report that, there were no events / actions in pursuance of :
    - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
    - b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, and
    - c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.

requiring compliance thereof by the Company during the Audit period.
  7. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.
  8. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the qualifications mentioned in paragraph 10 below.
  9. Subject to the qualifications mentioned in paragraph 9, we further report as below:
    - 9.1 that, -
      - (a) proper advance notices for Board and Committee meetings were issued to Directors during the year; such notices accompanied detailed notes on agenda items and draft minutes of respective meetings; the Company adopt a system to enable Directors to seek and obtain required information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
      - (b) the Company followed proper Board processes in convening and conduct of Meetings Members and Directors; the Company has maintained proper Books to record Proceedings of General Meetings of Members, Minutes of Meetings of Board and Committee of Directors; resolutions passed by e-voting, if any, are recorded in the Minutes Book of General Meetings.
    - 9.2 that, the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
    - 9.3 There were no instances of:
      - (i) Public, Preferential Issue of Shares or Debentures or Sweat Equity.
      - (ii) redemption buy-back of securities;
      - (iii) major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;
      - (iv) merger, amalgamation, reconstruction etc.;
      - (v) foreign technical collaborations.
    10. Qualification:
      - 10.1 During the Financial Year, the Company did not appoint a woman director in pursuance to Section 149(1) of the Companies Act 2013 read with the Companies Appointment and Qualification of Directors) Rules, 2014.
      - 10.2 During the Financial Year, the Company did not comply with the Regulation 17(1)(a) of

the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 inasmuch as the strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.

10.3 For the Financial Year 2018-19 the Company did not prepare financial statements consolidating its accounts with its joint venture company BEML Midwest Ltd, as

required under Section 129(3) of the Companies Act, 2013.

for VN Associates  
Company Secretaries

*Sd/-*  
S Viswanthan  
ACS 5284; CP 5284  
Partner

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

Bengaluru  
21st May, 2019

### The Annexure to the Secretarial Audit Report for the Financial Year 2018-19

To BEML Limited

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

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe

that the processes and practices we followed provide reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we obtained the management representation on the compliances of laws, rules and regulations as well on happening of events.

for VN Associates  
Company Secretaries

*Sd/-*  
S Viswanthan  
ACS 5284; CP 5284  
Partner

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

Bengaluru  
21st May, 2019

## Addendum to the Board's Report

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

<b>SI No.</b>	<b>Observations</b>	<b>Company's Reply</b>
10.1	During the Financial Year, the Company did not appoint a woman director in pursuance to Section 149(1) of the Companies Act 2013 read with the Companies Appointment and Qualification of Directors) Rules, 2014.	In terms of Articles of association, the Directors are appointed by the President of India from time to time. Accordingly, the matter has been taken up with the Government of India and persistent follow-ups are being made for filling up the vacancies and same is under the consideration of Government of India.
10.2	During the Financial Year, the Company did not comply with the Regulation 17(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 inasmuch as the strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.	
10.3	For the Financial Year 2018-19 the Company did not prepare financial statements consolidating its accounts with its joint venture company BEML Midwest Ltd, as required under Section 129(3) of the Companies Act, 2013.	There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since September 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated. Provision for diminution in the value of investment in the JV company is already made. The impact, if any, on account of non-consolidation is not expected to be material.

For and on behalf of the Board of Directors

Bengaluru  
25.05.2018

*Sd/-*  
D K Hota  
Chairman & Managing Director

**Form No.MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31.03.2019

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

<b>Sl. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product/ service</b>	<b>% to total turnover of the company</b>
1.	Bulldozer	28243	47
2.	Excavator	28243	
3.	Motor Grader	28243	
4.	Wheel Loader	28243	
5.	Dump Trucks	28243	
6.	Railway Coaches	30203	43
7.	Rail Wagons	30203	
8.	Metro Cars	30203	
9.	Defence equipment	30400	10

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>Sl. No.</b>	<b>Name and address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ subsidiary/ associate</b>	<b>% of shares held</b>	<b>applicable Section</b>
1	M/s. Vignyan Industries Limited, Haliyur, B.H.Road., Tarikere Post, Chikmagaluru Dist, Karnataka Pin 577228	U51101KA1963PLC001510	Subsidiary Company	96.56%	2(87)
2	M/s. MAMC Industries Limited, No.35/1A, Taratola Road, Kolkata, West Bengal - 700088	U29253WB2010GOI152567	Subsidiary Company	100.00%	2(87)
3	M/s. BEML Brazil Industrial Ltda., Av Princesa Isabel, #629, 12th floor, Room 1201, Centro, CEP 29010-361	NA	Subsidiary Company	99.98%	2(87)
4	M/s. BEML Midwest Limited, 'C-91, BEML Janatha Flats, Punja-gutta, Hyderabad -560082'	U13204AP2007PLC053653	Associate Company	45.00%	2(6)

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

**i) Category-wise Shareholding**

<b>CAT. CODE</b>	<b>CATEGORY OF SHAREHOLDER</b>	<b>NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018</b>				<b>NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019</b>				<b>% CHANGE DURING THE YEAR</b>
		<b>DEMAT</b>	<b>PHYSICAL</b>	<b>TOTAL</b>	<b>% OF TOTAL SHARES</b>	<b>DEMAT</b>	<b>PHYSICAL</b>	<b>TOTAL</b>	<b>% OF TOTAL SHARES</b>	
<b>(I)</b>	<b>(II)</b>	<b>(III)</b>	<b>(IV)</b>	<b>(V)</b>	<b>(VI)</b>	<b>(VII)</b>	<b>(VIII)</b>	<b>(IX)</b>	<b>(X)</b>	<b>(XI)</b>
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	22500000	0	22500000	54.03	22500000	0	22500000	54.03	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	22500000	0	22500000	54.03	22500000	0	22500000	54.03	0.00
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total A=A(1)+A(2)</b>	<b>22500000</b>	<b>0</b>	<b>22500000</b>	<b>54.03</b>	<b>22500000</b>	<b>0</b>	<b>22500000</b>	<b>54.03</b>	<b>0.00</b>

CAT. CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	8465214	500	8465714	20.33	8456653	500	8457153	20.31	0.2
(b)	Financial Institutions /Banks	1642789	0	1642789	3.94	2082160	0	2082160	5.00	-1.06
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	1660139	600	1660739	3.99	1544507	0	1544507	3.71	0.28
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	11768142	1100	11769242	28.26	12083320	500	12083820	29.02	-0.76
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	2037114	2200	2039314	4.90	1659310	2000	1661310	3.99	0.91
(b)	Individuals									
	(i) upto ₹2 lakh	4287392	97693	4385085	10.53	4326353	80593	4406946	10.58	-0.05
	(ii) excess of ₹2 lakh	487355	0	487355	1.17	310000	0	310000	0.74	0.43
(c)	Others									
	CLEARING MEMBERS	79608	0	79608	0.19	291725	0	291725	0.70	-0.51
	I E P F	27619	0	27619	0.07	44070	0	44070	0.11	-0.04
	NBFC	8603	0	8603	0.02	13969	0	13969	0.03	-0.01
	NON RESIDENT INDIANS	200152	54600	254752	0.61	221233	42800	264033	0.63	-0.02
	NRI NON-REPATRIATION	90687	0	90687	0.22	59661	0	59661	0.14	0.07
	TRUSTS	2235	0	2235	0.01	8966	0	8966	0.02	-0.02
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	7220765	154493	7375258	17.71	6935287	125893	7060680	16.95	0.76
	<b>Total B=B(1)+B(2):</b>	<b>18988907</b>	<b>155593</b>	<b>19144500</b>	<b>45.97</b>	<b>19018607</b>	<b>125893</b>	<b>19144500</b>	<b>45.97</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>41488907</b>	<b>155593</b>	<b>41644500</b>	<b>100.00</b>	<b>41518607</b>	<b>125893</b>	<b>41644500</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by custodians, against which Depository Receipts have been issued</b>									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>41488907</b>	<b>155593</b>	<b>41 644500</b>	<b>100.00</b>	<b>41518607</b>	<b>125893</b>	<b>41644500</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	22500000	54.03	NIL	22500000	54.03	--	--

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

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

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

Sl. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	HDFC TRUSTEE COMPANY LTD- HDFC EQUITY SAVING FUND	3747580	9.00	31/03/2018			3747580	9.00
				27/04/2018	70000	Purchase	3817580	9.17
				27/04/2018	-70000	Sale	3747580	9.00
				11/01/2019	-1750	Sale	3745830	8.99
				18/01/2019	-30450	Sale	3715380	8.92
				30/03/2019			3715380	<b>8.92</b>
2	KOTAK DEBT HYBRID	2073402	4.98	31/03/2018			2073402	4.98
				06/04/2018	600	Purchase	2074002	4.98
				27/04/2018	-17700	Sale	2056302	4.94
				04/05/2018	107700	Purchase	2164002	5.20
				04/05/2018	-90000	Sale	2074002	4.98
				11/05/2018	10000	Purchase	2084002	5.00
				11/05/2018	-60000	Sale	2024002	4.86
				18/05/2018	-3600	Sale	2020402	4.85
				25/05/2018	-55800	Sale	1964602	4.72
08/06/2018	95994	Purchase	2060596	4.95				

Sl. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
				08/06/2018	-95994	Sale	1964602	4.72
				22/06/2018	-300	Sale	1964302	4.72
				29/06/2018	-300	Sale	1964002	4.72
				20/07/2018	-2500	Sale	1961502	4.71
				27/07/2018	2500	Purchase	1964002	4.72
				03/08/2018	6000	Purchase	1970002	4.73
				17/08/2018	-30000	Sale	1940002	4.66
				07/09/2018	42000	Purchase	1982002	4.76
				14/09/2018	-13800	Sale	1968202	4.73
				21/09/2018	-200	Sale	1968002	4.73
				28/09/2018	-103500	Sale	1864502	4.48
				05/10/2018	39000	Purchase	1903502	4.57
				12/10/2018	47000	Purchase	1950502	4.68
				19/10/2018	20500	Purchase	1971002	4.73
				26/10/2018	1000	Purchase	1972002	4.74
				02/11/2018	114500	Purchase	2086502	5.01
				09/11/2018	17500	Purchase	2104002	5.05
				09/11/2018	-20000	Sale	2084002	5.00
				16/11/2018	1000	Purchase	2085002	5.01
				23/11/2018	-64000	Sale	2021002	4.85
				30/11/2018	-83500	Sale	1937502	4.65
				07/12/2018	16500	Purchase	1954002	4.69
				07/12/2018	-17932	Sale	1936070	4.65
				14/12/2018	-500	Sale	1935570	4.65
				21/12/2018	-45000	Sale	1890570	4.54
				28/12/2018	400	Purchase	1890970	4.54
				28/12/2018	-26000	Sale	1864970	4.48
				31/12/2018	200	Purchase	1865170	4.48
				11/01/2019	9100	Purchase	1874270	4.50
				18/01/2019	12600	Purchase	1886870	4.53
				08/02/2019	29400	Purchase	1916270	4.60
				08/02/2019	-25000	Sale	1891270	4.54
				01/03/2019	30100	Purchase	1921370	4.61
				01/03/2019	-2000	Sale	1919370	4.61
				08/03/2019	73162	Purchase	1992532	4.78
				15/03/2019	4538	Purchase	1997070	4.80
				29/03/2019	25200	Purchase	2022270	4.86
				30/03/2019			2022270	<b>4.86</b>

Sl. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
3	L&T MUTUAL FUND TRUSTEE LTD-L AND T INFRASTRUC	3000	0.01	31/03/2018			3000	0.01
				09/11/2018	110960	Purchase	113960	0.27
				16/11/2018	161430	Purchase	275390	0.66
				23/11/2018	98419	Purchase	373809	0.90
				30/11/2018	608881	Purchase	982690	2.36
				07/12/2018	75000	Purchase	1057690	2.54
				14/12/2018	224540	Purchase	1282230	3.08
				21/12/2018	114470	Purchase	1396700	3.35
				28/12/2018	134182	Purchase	1530882	3.68
				04/01/2019	58911	Purchase	1589793	3.82
				11/01/2019	78307	Purchase	1668100	4.01
				01/02/2019	125000	Purchase	1793100	4.31
				08/02/2019	25000	Purchase	1818100	4.37
				15/02/2019	34700	Purchase	1852800	4.45
				22/02/2019	25000	Purchase	1877800	4.51
01/03/2019	39409	Purchase	1917209	4.60				
			1917209	<b>4.60</b>				
4	LIC OF INDIA HEALTH PLUS FUND	756380	1.82	31/03/2018			756380	1.82
				01/06/2018	26600	Purchase	782980	1.88
				08/06/2018	110000	Purchase	892980	2.14
				15/06/2018	119342	Purchase	1012322	2.43
				22/06/2018	144058	Purchase	1156380	2.78
				30/03/2019			1156380	<b>2.78</b>
5	ABU DHABI INVESTMENT AUTHORITY - LGLINV	381000	0.91	31/03/2018			381000	0.91
				31/08/2018	50000	Purchase	431000	1.03
				21/12/2018	240000	Purchase	671000	1.61
				30/03/2019			671000	<b>1.61</b>
6	NATIONAL INSURANCE CO. LTD	493094	1.18	31/03/2018			493094	1.18
				30/03/2019			493094	<b>1.18</b>
7	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C	1192636	2.86	31/03/2018			1192636	2.86
				27/04/2018	-199600	Sale	993036	2.38
				04/05/2018	-112100	Sale	880936	2.12
				11/05/2018	-343300	Sale	537636	1.29
				18/05/2018	-8100	Sale	529536	1.27
				25/05/2018	-2400	Sale	527136	1.27
				01/06/2018	62473	Purchase	589609	1.42
				29/06/2018	-9000	Sale	580609	1.39
				20/07/2018	38391	Purchase	619000	1.49
				03/08/2018	29000	Purchase	648000	1.56

Sl. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
				10/08/2018	-11000	Sale	637000	1.53
				17/08/2018	-21020	Sale	615980	1.48
				31/08/2018	-38980	Sale	577000	1.39
				07/09/2018	-13500	Sale	563500	1.35
				28/09/2018	-6000	Sale	557500	1.34
				05/10/2018	-8500	Sale	549000	1.32
				09/11/2018	305000	Purchase	854000	2.05
				16/11/2018	87000	Purchase	941000	2.26
				23/11/2018	64800	Purchase	1005800	2.42
				23/11/2018	-88500	Sale	917300	2.20
				30/11/2018	130000	Purchase	1047300	2.51
				30/11/2018	-35500	Sale	1011800	2.43
				07/12/2018	58000	Purchase	1069800	2.57
				14/12/2018	40000	Purchase	1109800	2.66
				21/12/2018	30000	Purchase	1139800	2.74
				21/12/2018	-8000	Sale	1131800	2.72
				28/12/2018	-311000	Sale	820800	1.97
				04/01/2019	-50000	Sale	770800	1.85
				18/01/2019	-74800	Sale	696000	1.67
				25/01/2019	-10000	Sale	686000	1.65
				01/02/2019	-40000	Sale	646000	1.55
				01/03/2019	-90000	Sale	556000	1.34
				08/03/2019	-40000	Sale	516000	1.24
				15/03/2019	-91000	Sale	425000	1.02
				30/03/2019			425000	<b>1.02</b>
8	TATA AIA LIFE INSURANCE CO LTD-WHOLE LIFE MID CAP	27670	0.07	31/03/2018			27670	0.07
				11/05/2018	290079	Purchase	317749	0.76
				22/06/2018	17501	Purchase	335250	0.81
				29/06/2018	69048	Purchase	404298	0.97
				30/03/2019			404298	<b>0.97</b>
9	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	265336	0.64	31/03/2018			265336	0.64
				11/05/2018	-478	Sale	264858	0.64
				20/07/2018	-4162	Sale	260696	0.63
				27/07/2018	670	Purchase	261366	0.63
				17/08/2018	1815	Purchase	263181	0.63
				31/08/2018	-4120	Sale	259061	0.62
				28/09/2018	19249	Purchase	278310	0.67
				05/10/2018	8063	Purchase	286373	0.69
				02/11/2018	4431	Purchase	290804	0.70

Sl. No.	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
				16/11/2018	-1903	Sale	288901	0.69
				23/11/2018	3526	Purchase	292427	0.70
				30/11/2018	-12505	Sale	279922	0.67
				07/12/2018	1247	Purchase	281169	0.68
				01/02/2019	52254	Purchase	333423	0.80
				15/02/2019	15798	Purchase	349221	0.84
				22/02/2019	-597	Sale	348624	0.84
				01/03/2019	1144	Purchase	349768	0.84
				15/03/2019	-5289	Sale	344479	0.83
				22/03/2019	-29000	Sale	315479	0.76
				29/03/2019	-2741	Sale	312738	0.75
				30/03/2019			312738	<b>0.75</b>
10	DIMENSIONAL EMERGING MARKETS VALUE FUND	52357	0.13	31/03/2018			52357	0.13
				01/02/2019	78931	Purchase	131288	0.32
				08/02/2019	6587	Purchase	137875	0.33
				15/02/2019	23532	Purchase	161407	0.39
				22/02/2019	64553	Purchase	225960	0.54
				30/03/2019			225960	<b>0.54</b>

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

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

## V. INDEBTEDNESS

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

(₹ in Lakhs)

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Indebtedness (Borrowings) at the beginning of the financial year as on <b>01.04.2018</b>				
i) Principal Amount	43,501.78	1,054.73	-	44,556.51
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,020.09	-	-	1,020.09
<b>Total (i+ii+iii)</b>	<b>44,521.87</b>	<b>1,054.73</b>	<b>-</b>	<b>45,576.60</b>
Change in Indebtedness (Borrowings) during the financial year				
· Addition				
· Reduction	(3,753.31)	(609.71)	-	(4,363.02)
<b>Net Change</b>	<b>(3,753.31)</b>	<b>(609.71)</b>	<b>-</b>	<b>(4,363.02)</b>
Indebtedness (Borrowings) at the end of the financial year <b>31.03.2019</b>				
i) Principal Amount	39,750.89	445.02	-	40,195.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,017.67	-	-	1,017.67
<b>Total (i+ii+iii)</b>	<b>40,768.56</b>	<b>445.02</b>	<b>-</b>	<b>41,213.58</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(₹in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Shri					Total Amount
		Chairman and Managing Director/ CEO <b>D K Hota</b>	Director (Mining & Construction) <b>B R Viswanatha</b>	Director (Defence) <b>R H Muralidhara</b>	Director (Finance) <b>Suraj Prakash</b>	Director (Rail & Metro) <b>Suresh S Vastrad</b>	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	2842923	2415723	2399170	2106362	737148	10501326
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	561498	361435	494247	307913	--	1725093
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961						
2.	Stock Option	-	-	-	-	-	-
3.	Sweet Equity	-	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5.	Others-PF & Pension	1305083	1221801	999031	790004	177134	4493053
	<b>Total(A)</b>	4709504	3998959	3892448	3204279	914282	16719472
	Ceiling as per the Act	Not Applicable					

\*Part of the year

### B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors Shri/Smt./Dr.				
<b>Independent Directors</b>					
	<b>Sudhir Kumar Beri</b>	<b>M G Raghuvver</b>	<b>B P Rao</b>	<b>Gurmohinder Singh</b>	<b>Total</b>
• Fee for attending Board/ Committee meetings	3,20,000	2,20,000	3,20,000	1,80,000	1,04,00,00
• Commission	-	-	-	-	-
• Others, please specify	-	-	-	-	-
<b>Total(1)</b>	<b>3,20,000</b>	<b>2,20,000</b>	<b>3,20,000</b>	<b>1,80,000</b>	<b>10,40,000</b>
<b>Other Non-Executive Directors- Government Nominee Directors</b>					
	<b>Dr. Md. Nazmuddin</b>				
• Fee for attending Board/ Committee meetings	Nil				
• Commission	Nil				
• Others, please specify	Nil				
<b>Total(2)</b>	<b>Nil</b>				
<b>Total(B)=(1+2)</b>	<b>10,40,000</b>				
<b>Total Managerial Remuneration [A+B]</b>	<b>1,77,59,472</b>				
Overall Ceiling as per the Act	Not Applicable				

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO/ CFO	Company Secretary	Total
			S V Ravisekhar Rao	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	11,90,868	11,90,868
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others-PF & Pension	-	4,10,876	4,10,876
	<b>Total</b>	<b>-</b>	<b>16,01,744</b>	<b>16,01,744</b>

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

For and on behalf of the Board of Directors

Bengaluru  
25.05.2019

Sd/-  
D K Hota  
Chairman & Managing Director

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Note no. 1: Corporate Information :**

The accompanying financial statements comprise of the financial statements of BEML Limited (the Company) for the year ended 31 March 2019. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Bengaluru, Karnataka, India. The Company is a Mini Ratna Category – I public sector enterprise and is under the administrative control of the Department of Defence Production, Ministry of Defence. BEML manufactures and supplies defence ground support equipment such as Tatra based high mobility trucks, aircraft towing tractors etc. Under Mining and Construction business, the company manufactures and supplies equipment like bull dozers, excavators, dumpers, shovels, loaders and motor graders to various user segments and under Rail and Metro business, manufactures and supplies rail coaches, metro cars, ACEMUs, OHE cars, steel and aluminium wagons to the rail and metro sector. Information on other related party and nature of relationships of the Company is provided in Note 39C. These financial statements were authorised for issue in accordance with a resolution of the directors on 25-05-2019.

### **Note no. 2: Significant accounting policies**

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

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

These financial statements for the year ended 31 March 2019 with comparatives of year ended 31 March 2018 are prepared in accordance with Ind AS.

- (b) The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
- Derivative financial instruments,

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Defined benefit and other long-term employee benefits obligations.

- (c) The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.
- (d) Preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates.
- (e) Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company's operating cycle is considered as twelve months for the purpose of current / non-current classification of assets and liabilities.
- (f) The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively. A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors result in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

## 2.2 Summary of significant accounting policies

### A. Revenue Recognition:

Sales is exclusive of GST.

#### Revenue from contracts with customers:

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

### i. Satisfaction of performance obligation over time

- (a) Revenue is recognised overtime where the transfer of control of goods or services takes place over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
- the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
  - the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
  - the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.
- (b) Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.
- (c) For measurement of satisfaction of performance obligation over time, input cost method is adopted.

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

- (a) In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.
- (b) The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:
- the company has transferred physical possession of the asset
  - the customer has legal title to the asset
  - the customer has accepted the asset
  - when the company has a present right to payment for the asset
  - the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco- terms of the contracts.
- (c) Bill and hold Sales

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

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

#### Escalation:

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

#### Duty Drawback:

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

**Revenue from wind energy:**

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

**Other Income****(i) Interest income:**

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

**(ii) Dividends:**

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

**(iii) Rental income:**

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

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

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

**C. Foreign Currencies:**

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

**D. Fair value measurement:**

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

**E. Discontinued operation:**

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

**F. Government Grants:**

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

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

**G. Income Taxes:****Current income tax:**

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

### Deferred tax:

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

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

### H. Property, Plant & Equipment:

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

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

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

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

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

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

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

Expenditure incurred on Developmental Projects for participating in trials, based on Request from customers, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is not forthcoming or on discontinuation of project, the balance amount will be either capitalised if further economic benefit is expected from its use or will be charged off.

### I. Investment Property:

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

### J. Intangible Assets:

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

### Amortization

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

**K. Borrowing Cost:**

Borrowing costs directly attributable to creation of an asset are capitalized as part of the cost of the asset. General borrowing costs are capitalized by apportioning the same to qualifying assets.

**L. Lease:**

A lease is classified at the inception date as a finance lease or an operating lease.

**Company as a lessee:**

Finance leases are capitalized at lower of fair value and the present value of minimum lease payments. A leased asset is depreciated over useful life of the asset or lease term whichever is earlier.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where lease payments escalate in accordance with general inflation.

**Company as a lessor:**

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

**M. Inventory:**

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

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

Scrap is valued at estimated realizable value.

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

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

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

**O. Employee Benefits:**

**Short-term employee benefits:**

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

**Defined benefit plans:**

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

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

**Other long-term employee benefits:**

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

**Defined contribution plan:**

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

**P. Provisions:**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted. Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

**Warranty provisions:**

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

**Onerous contracts:**

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

**Q. Financial Assets:**

**Recognition and measurement:**

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

**Embedded derivative:**

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

**Derecognition:**

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

**Trade and other receivables:**

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

**Cash and cash equivalents:**

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

**Impairment of financial assets:**

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

**R. Financial Liabilities:**

**Recognition and measurement:**

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

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

**Derecognition:**

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

**Trade and other payables:**

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

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

**Reclassification of financial Assets and Liabilities:**

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

**Offsetting of financial Assets and Liabilities:**

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

**T. Earnings per share:**

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding,

adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**U. Cash dividend and non-cash distribution to equity shareholders:**

The Company recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company.

**V. Events after the reporting period:**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. M. GOPINATH**  
Partner  
Membership No.: 023819

Place : Bengaluru  
Date : 25-05-2019

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEK HAR RAO**  
Company Secretary

## BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3	57,305.93	53,083.86
(b) Capital work-in-progress	4	2,527.98	6,802.27
(c) Intangible assets	5	4,681.36	5,201.39
(d) Intangible assets under development	6	-	-
(e) Financial assets			
(i) Investments	7	257.64	257.64
(ii) Loans	8	9.06	859.11
(iii) Other financial assets	9	50.75	38.09
(f) Deferred tax assets (net)	10	11,748.23	13,827.45
(g) Other non-current assets	11	6,877.25	8,329.75
<b>Total non-current assets</b>		<b>83,458.20</b>	<b>88,399.56</b>
<b>(2) Current assets</b>			
(a) Inventories	12	170,227.13	179,951.23
(b) Financial Assets			
(i) Investments	13	-	43.68
(ii) Trade receivables	14	161,304.66	165,080.63
(iii) Contract Assets	14a	48,916.36	-
(iv) Cash and cash equivalents	15	2,236.96	164.35
(v) Bank Balance Other than (iv) above	15a	905.51	34.04
(vi) Loans	16	817.28	818.28
(vii) Other financial assets	17	640.91	651.59
(viii) Current tax assets (Net)	17a	7,559.10	4,303.87
(c) Other current assets	18	23,983.46	27,976.16
<b>Total current assets</b>		<b>416,591.37</b>	<b>379,023.83</b>
<b>Total Assets</b>		<b>500,049.57</b>	<b>467,423.39</b>
<b>II. Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	19	4,177.22	4,177.22
(b) Other Equity		214,547.45	215,846.48
<b>Total Equity</b>		<b>218,724.67</b>	<b>220,023.70</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	30,296.68	30,448.53
(ii) Other financial liabilities	21	41.60	41.60
(b) Provisions	22	17,571.38	16,636.98
(c) Other non-current liabilities	23	33,346.48	33,333.16
<b>Total non-current liabilities</b>		<b>81,256.14</b>	<b>80,460.27</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	9,750.89	13,466.65
(ii) Trade payables	25		
(A) Micro & Small Enterprises		2,550.17	2,329.34
(B) Other than Micro & Small Enterprises		73,658.90	51,178.14
(iii) Other financial liabilities	26	3,850.39	2,683.12
(b) Other current liabilities	27	75,754.87	62,055.99
(c) Provisions	28	30,544.86	33,669.13
(d) Current tax liabilities (Net)	29	3,958.68	1,557.05
<b>Total current liabilities</b>		<b>200,068.76</b>	<b>166,939.42</b>
<b>Total Equity and Liabilities</b>		<b>500,049.57</b>	<b>467,423.39</b>

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statement.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. M. GOPINATH**

Partner

Membership No.: 023819

Place : Bengaluru

Date : 25-05-2019

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

**S V RAVI SEKSHAR RAO**

Company Secretary

## STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No	For the Year ended 31st March 2019	For the Year ended 31st March 2018
<b>I</b> Revenue from operations	30	<b>348,106.40</b>	330,541.86
<b>II</b> Other income	31	<b>2,311.32</b>	2,489.68
<b>III Total Income (I+II)</b>		<b>350,417.72</b>	333,031.54
<b>IV Expenses:</b>			
Cost of materials consumed	32	<b>197,061.50</b>	172,544.32
Purchase of stock-in-trade	33	-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	<b>1,422.50</b>	1,865.98
Employee benefits expense	35	<b>80,193.12</b>	80,849.76
Finance costs	36	<b>5,939.40</b>	4,808.56
Depreciation and amortization expense	3,5	<b>6,958.17</b>	6,423.84
Other expenses	37	<b>45,747.17</b>	50,159.61
<b>Total Expenses (IV)</b>		<b>337,321.86</b>	316,652.07
<b>V</b> Profit / (Loss) before exceptional items and tax (III-IV)		<b>13,095.86</b>	16,379.47
<b>VI</b> Add/ (Less) : Exceptional items	38	-	-
<b>VII Profit / (Loss) before tax (V-VI)</b>		<b>13,095.86</b>	16,379.47
<b>VIII Tax expense:</b>			
(1) Current tax	10 a	<b>4,668.04</b>	9,474.30
(2) MAT credit entitlement	10 a	-	(3,329.54)
(3) Deferred tax	10 a	<b>2,079.21</b>	(2,709.88)
<b>IX</b> Profit/(Loss) for the year from continuing operations (VII-VIII)		<b>6,348.61</b>	12,944.59
<b>X</b> Profit/(Loss) from discontinuing operations		-	-
<b>XI</b> Tax expense of discontinued operations		-	-
<b>XII</b> Profit/(Loss) from discontinued operations (after tax) (X-XI)		-	-
<b>XIII Profit/(Loss) for the year (IX+XII)</b>		<b>6,348.61</b>	12,944.59
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss Re-measurement of defined benefit (liability) / asset		<b>(2,029.97)</b>	(10,806.28)
(ii) Income tax relating to items that will not be reclassified to profit or loss	10 b	<b>709.35</b>	3,739.84
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>XV Total Comprehensive Income for the year (XIII+XIV)</b>		<b>5,027.99</b>	5,878.15
<b>XVI</b> Earnings per equity share: (₹10/- each) in ₹ Basic and diluted	39(A)	<b>15.24</b>	31.08

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statement.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. M. GOPINATH**  
Partner  
Membership No.: 023819  
Place : Bengaluru  
Date : 25-05-2019

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEK HAR RAO**  
Company Secretary

## STATEMENT OF CASH FLOWS

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019		For the Year ended 31st March 2018	
	Sub items	Main items	Sub items	Main items
<b>A. Cash flow from operating activities</b>				
Net profit before tax and extraordinary items		<b>13,095.86</b>		16,379.47
Adjustments for				
Depreciation and amortization expense	<b>6,958.17</b>		6,423.84	
(Gain)/loss on disposal of property, plant and equipment	<b>(5.43)</b>		4.56	
Foreign exchange loss / (gain)	<b>44.07</b>		141.63	
Allowance for obsolescence	<b>817.90</b>		774.99	
Bad debts written off	-		119.91	
Financing Cost	<b>5,939.40</b>		4,808.56	
Interest income	<b>(193.73)</b>		(336.54)	
Dividend received from subsidiaries	<b>(13.47)</b>		-	
Other Provisions / Allowances	<b>137.29</b>	<b>13,684.20</b>	8,107.74	20,044.69
<b>Operating Profit / (Loss) before changes in working capital</b>		<b>26,780.06</b>		36,424.16
Adjustment for				
Inventories	<b>8,180.57</b>		16,027.80	
Trade & other receivables	<b>(41,070.10)</b>		(20,322.18)	
Other current assets	<b>2,156.24</b>		5,372.26	
Trade payables	<b>22,657.52</b>		3,681.35	
Other payables	<b>9,442.56</b>	<b>1,366.79</b>	(26,788.09)	(22,028.86)
<b>Cash generated from operations</b>		<b>28,146.85</b>		14,395.30
Direct taxes (paid) / refunded		<b>(2,474.53)</b>		(1,583.45)
<b>Net cash flow from / (used in) operating activities</b>		<b>25,672.32</b>		12,811.85
<b>B. Cash flow from investing activities</b>				
Purchase of property, plant and equipment	<b>(6,007.50)</b>		(5,776.79)	
Purchase of intangible assets	<b>(408.70)</b>		(790.37)	
Sale of property, plant and equipment	<b>35.71</b>		79.82	
Sale of intangible assets				
Investments in subsidiaries	<b>39.36</b>		-	
Interest Received	<b>193.73</b>		336.54	
Dividends from subsidiaries	<b>13.47</b>		-	
<b>Net cash flow from / (used in) investing activities</b>		<b>(6,133.93)</b>		(6,150.80)
<b>C. Cash flow from financing activities</b>				
Proceeds/(Repayments) from/to ECB & long-term borrowings	-		-	
Proceeds from short-term borrowings				
Proceeds from Unsecured Loans				
Proceeds/(Repayments) from/to Bonds	-		-	
Proceeds/(Repayments) from/to Unsecured loans	-		-	
Proceeds/(Repayments) of Inter corporate loans	-		(696.81)	
Proceeds/(Repayments) of Soft loan	<b>(609.71)</b>		(534.75)	
Financing Cost	<b>(5,941.82)</b>		(4,803.82)	
Adjustment in retained earnings	<b>(54.08)</b>			
Dividend & Tax paid for equity shares	<b>(6,272.94)</b>		(4,009.79)	
<b>Net cash flow from / (used in) financing activities</b>		<b>(12,878.55)</b>		(10,045.17)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,659.84</b>		(3,384.12)
<b>Cash and Cash Equivalents, Beginning of the year</b>		<b>(13,268.26)</b>		(9,884.14)
<b>Cash and Cash Equivalents, Ending of the year (Refer Note 15 d)</b>		<b>(6,608.42)</b>		(13,268.26)

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. M. GOPINATH**  
Partner  
Membership No.: 023819

Place : Bengaluru  
Date : 25-05-2019

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEKSHAR RAO**  
Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2019

### A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares	Amount
Balance as on 01.04.2018	<b>416,44,500</b>	<b>4,164.45</b>
Changes in equity share capital during the year	-	-
<b>Balance as on 31.03.2019</b>	<b>416,44,500</b>	<b>4,164.45</b>

### B. Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Items of OCI	Nonimara Excellence Award Reserve	Debenture Redemption Reserve	Total Equity
	Capital Reserve	Share Premium	General Reserve	Retained Earnings	Other items of OCI			
<b>Balance as on 01.04.2018</b>	105.66	61,204.07	119,033.62	37,308.39	(9,306.70)	1.44	7,500.00	215,846.48
Less:								
Reinstatement Adjustment	-	-	-	(54.08)	-	-	-	(54.08)
Impact of Ind AS 115 upto 31.03.2018								
Profit/(Loss) for the year	-	-	-	6,348.61	-	-	-	6,348.61
Other Comprehensive Income for the year	-	-	-	-	(1,320.62)	-	-	(1,320.62)
<b>Total comprehensive income for the year</b>	-	-	-	<b>6,294.53</b>	<b>(1,320.62)</b>	-	-	<b>4,973.91</b>
Transfer to - Debenture Redemption Reserve	-	-	-	-	-	-	-	-
Transaction with owners								
- Dividend	-	-	-	(3,331.56)	-	-	-	(3,331.56)
- Interim Dividend	-	-	-	(1,874.00)	-	-	-	(1,874.00)
- Tax on Dividend	-	-	-	(1,067.38)	-	-	-	(1,067.38)
<b>Balance as on 31.03.2019</b>	<b>105.66</b>	<b>61,204.07</b>	<b>119,033.62</b>	<b>37,329.98</b>	<b>(10,627.32)</b>	<b>1.44</b>	<b>7,500.00</b>	<b>214,547.45</b>

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. M. GOPINATH**  
Partner  
Membership No.: 023819

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

Place : Bengaluru  
Date : 25-05-2019

**S V RAVI SEK HAR RAO**  
Company Secretary

## Notes forming part of Financial Statements

### Note 3: Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated depreciation and impairment				Net Carrying value	
	As at 01.04.2018	Additions during the year	Deduction/ Re-classification & Adjustments during the year	As at 31.03.2019	As at 01.04.2018	For the Year	Deduction/ Re-classification & Adjustments during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land Free Hold	1,285.69	-	-	1,285.69	-	-	0.01	0.01	1,285.68	1,285.69
Lease Hold	8,039.15	-	-	8,039.15	97.06	32.33	0.02	129.41	7,909.74	7,942.09
Buildings	15,329.74	122.92	(8.13)	15,444.53	2,157.02	612.26	(8.14)	2,760.97	12,683.56	13,172.72
Plant and Equipment	31,547.66	7,890.69	(259.80)	39,178.55	7,227.58	3,347.06	(254.39)	10,319.21	28,859.34	24,320.08
Furniture and Fixtures	519.83	112.43	(0.23)	632.03	284.12	64.27	(4.35)	343.89	288.14	235.71
Vehicles Given on Lease	376.57	195.72	(105.53)	466.75	135.36	59.45	(84.21)	110.59	356.16	241.21
Own Use	751.82	762.67	(8.77)	1,505.72	164.54	204.19	(8.64)	357.73	1,147.99	587.28
Office Equipment	287.64	169.63	(7.07)	449.79	135.43	58.05	(6.57)	200.28	249.51	152.21
Roads and Drains	1,625.80	18.18	-	1,643.98	873.44	265.28	0.12	1,138.72	505.26	752.36
Water Supply Installations	275.98	29.64	(29.95)	275.67	27.42	20.76	8.03	56.21	219.46	248.56
Railway sidings	875.58	10.82	-	886.40	287.38	88.18	-	375.56	510.84	588.20
Electrical Installation	2,138.98	191.89	11.27	2,342.14	671.31	258.05	(26.90)	902.46	1,439.68	1,467.67
Jigs and Fixtures	2,142.73	244.26	-	2,386.99	1,182.39	553.92	6.15	1,735.92	651.07	960.34
Special Tools	1,466.94	299.37	-	1,766.31	750.59	305.72	1.03	1,057.34	708.97	716.35
Computers and Data processing units	1,234.33	233.57	20.91	1,489.23	820.94	157.57	20.58	998.70	490.53	413.39
<b>Total</b>	<b>67,898.44</b>	<b>10,281.79</b>	<b>(387.30)</b>	<b>77,792.93</b>	<b>14,814.58</b>	<b>6,027.09</b>	<b>(357.26)</b>	<b>20,487.00</b>	<b>57,305.93</b>	<b>53,083.86</b>
Previous Year	61,385.54	6,916.85	(403.95)	67,898.44	9,541.55	5,592.59	(319.56)	14,814.58	53,083.86	51,843.99

A. Carrying value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹1110.51 Lakhs (Previous Year - ₹ 346.77 Lakhs).

B. Property, Plant and Equipment

- Buildings include carrying value of building at Mumbai and Ranchi pending registration / katha transfer at ₹15.86 Lakhs (Previous Year - ₹16.40 Lakhs)
- The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease

Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) (A Company under orders of winding up by BIFR), and a sum of ₹100 Lakhs was paid as non-refundable deposit, (included under Other non-current assets (Note no.11)). As per the terms of the Lease agreement, this deposit shall be adjusted against the outright sale / transfer of ownership that may be fixed for the property and lessee shall be free to construct new building/ alter the existing building/lay roads/fence the land in the interest of furthering its business to suit its use and on expiry of

the lease the said building shall vest with the lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Company had incurred on the above land a sum of ₹1452.95 lakhs [carrying value - ₹948.61 Lakhs (Previous Year - ₹995.71 lakhs)] on Buildings included in Property, Plant and Equipment as at year end.

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

- iii) Lease hold Land includes leased land allotted by Kerala Industrial Infrastructure Development Corporation (KIIDC) measuring 374.59 acres for a lease premium of ₹2547.21 Lakhs (excluding Service Tax) (Previous Year - ₹2547.21 Lakhs excluding Service Tax) for 99 years lease period with effect from 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and the revised lease premium payable is ₹2544.29 Lakhs only. Adjustment in financial statement will be made on formal amendment of lease agreement by KIIDC.
- iv) Lease Hold Land includes land measuring 101175.92 Sq. Mtrs taken on perpetual lease from KIADB (Bangalore Aerospace, SEZ Park) at a cost of ₹5126.00 Lakhs (Previous Year - ₹5126.00 Lakhs).
- v) Lease Hold Land includes land at cost ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
- vi) No Provision considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying cost of these assets.
- vii) Free Hold Land includes land measuring 560 acres at Mysore costing ₹307.58 Lakhs (including additional compensation of ₹183.57 Lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB. As per the demand of KIADB, provision of interest amounting to ₹554.00 Lakhs (Previous Year - ₹531.52 Lakhs) up to period 31st March 2019 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB Board.
- viii) Free Hold Land measuring 3.647 acres of land, surrendered to BBMP against TDR (at cost) is ₹4.58 Lakhs. Free Hold Land measuring 1.937 acres of land surrendered to BBMP for which TDR yet to be received (at cost) is ₹2.43 Lakhs. Above TDR will be utilised for further construction."
- ix) Company has taken action to obtain title documents in respect of the following immovable properties.
  - (1) Flat at Roshan comp, Madras - ₹4.04 Lakhs.
  - (2) Flat at Ashadeep, New Delhi - ₹2.80 Lakhs.
  - (3) Office building at Nagpur - ₹27.18 Lakhs.
  - (4) Lease Hold Land at Singrauli - ₹1.75 Lakhs.
- x) The company has initiated legal action to obtain possession of 1.88 acres of Land out of 5 acres at Tatisilwai, Arra village, Ranchi.
- xi) For details of property, plant and equipment hypothecated by way of a first charge against borrowings and

other facilities availed, refer Note no. 20 and 24

- xii) For information on estimated capital contracts pertaining to the acquisition of property, plant and equipment, refer Note no. 39 D II a.

C. Amount of borrowing cost capitalised on addition of assets during the year is as under:  
- Plant & Machinery ₹66.78 Lakhs

D. Since there is no investment property in the Company as on 31.03.2019, fair value of investment property is Nil (Previous Year - Nil)

#### Note 4: Capital work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Building	218.54	134.82
Equipment under inspection and in transit	17.64	93.52
Machinery	2,123.00	6,405.13
Others	168.80	168.80
<b>Total</b>	<b>2,527.98</b>	<b>6,802.27</b>

#### Note 5: Intangible assets

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated amortisation and impairment				Net Carrying value	
	As at 01.04.2018	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 01.04.2018	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Computer software	1,935.74	408.70	-	2,344.44	711.30	372.01	0.24	1,082.17	1,262.27	1,224.44
Technical Know how	5,755.91	-	-	5,755.91	1,785.97	559.07	-	2,343.83	3,412.08	3,969.94
TDR against Land	7.01	-	-	7.01	-	-	-	-	7.01	7.01
<b>Total</b>	<b>7,698.66</b>	<b>408.70</b>	<b>-</b>	<b>8,107.36</b>	<b>2,497.27</b>	<b>931.08</b>	<b>0.24</b>	<b>3,426.00</b>	<b>4,681.36</b>	<b>5,201.39</b>
Previous Year	6,908.28	790.37	0.01	7,698.66	1,666.02	831.25	-	2,497.27	5,201.39	5,242.26

#### Note 6: Intangible assets under development (internally generated)

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 7: Non-current Investments**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Investments in equity instruments - unquoted at cost</b>		
<b>In Equity Shares of Subsidiary Companies:</b>		
In Vignyan Industries Limited, 2,69,376 fully paid up Equity Shares of ₹100 each	<b>252.60</b>	252.60
In MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of ₹10 each [refer Note no. 11(a)]	<b>5.00</b>	5.00
	<b>257.60</b>	257.60
<b>In Equity Shares of Joint Venture Company:</b>		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each	<b>542.25</b>	542.25
Less: Allowance for impairment of investment	<b>(542.25)</b>	(542.25)
	-	-
<b>Investment in Ordinary Shares of Co-operative Societies- unquoted at cost</b>		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	<b>0.03</b>	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	<b>0.01</b>	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	-	-
	<b>0.04</b>	0.04
<b>Total - unquoted at cost</b>	<b>257.64</b>	257.64

Ind AS 28 (Investments in Associates and Joint Ventures)

Names of Joint Ventures	Nature	% holding	Country of Incorporation
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

- a. BEML along with Midwest Granite Private Limited formed a joint venture company in 2007 to conduct excavation and extraction of mineral resources. The agreement was signed in September 2005 whereby BEML has a 45% share in the operations of the joint venture and the remaining 55% is held by Midwest Granite Private Limited.
- b. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2019 due to litigation pending before National Company Law Tribunal. Hence, disclosure requirements under Ind AS-28 (Investments in Associates and Joint Ventures) could not be complied with. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.
- c. The company had issued corporate guarantee to Bank for facilities extended to BEML Midwest Limited, for ₹1912.50 Lakhs. Since BEML Midwest Limited failed to pay, the Bank concerned invoked the corporate guarantee and claimed from the company. However the company has refused to pay the claim on the ground that the claim relating to forward contracts were entered into without the approval of board of BEML Midwest Limited and that the majority shareholder has misappropriated and acted beyond the mandate without complying with the terms and conditions specified by the Board of BEML Midwest Limited. The matter is pending before Debt Recovery Tribunal (DRT). The company does not envisage any cash outflow in this regard.

The movement in the allowance for impairment of investment is as follows: (₹ in Lakhs)

Particulars	2018-19	2017-18
Balance at the beginning of the year	542.25	542.25
Impairment losses recognised	-	-
Written off during the year	-	-
Credited to profit or loss	-	-
Balance at the end of the year	542.25	542.25

**Note 8: Non-Current - Loans** (₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured, considered good</b>		
Lease Deposits	9.06	41.84
Inter Corporate Loan	-	817.27
<b>Total</b>	<b>9.06</b>	<b>859.11</b>

Lease deposits represent deposits paid as security for office space and flats taken on rent.

Inter Corporate Loan balance as on 31.03.2019 represent outstanding loan to M/s JK Tyres Ltd. The loan carry interest at the rate of SBI PLR less 2.25%. Currently 11.55% (Previous Year 11.15%) and are unsecured from borrowers.

**Note 9: Non-current - Other financial assets** (₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposit with Customers	-	-
Deposit with service providers	50.75	38.09
<b>Total</b>	<b>50.75</b>	<b>38.09</b>

**Note 10: Deferred tax assets (net)** (₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Deferred Tax Liabilities (DTL)</b>		
Property, plant and equipment	6,491.65	6,103.85
<b>Total DTL (A)</b>	<b>6,491.65</b>	<b>6,103.85</b>
<b>Deferred Tax Assets (DTA)</b>		
Timing differences under the Income Tax Act, 1961	18,239.88	19,931.30
<b>Total DTA (B)</b>	<b>18,239.88</b>	<b>19,931.30</b>
<b>Net Total (B-A)</b>	<b>11,748.23</b>	<b>13,827.45</b>

**Note 10: Income taxes**

The substantively enacted tax rate as on 31 March 2019 is 34.94% and as on 31 March 2018 was 34.61% for deferred tax purposes.

**a) Amount recognised in profit or loss**

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
<b>Current tax expense:</b>		
Current tax / Minimum alternate tax (MAT)	<b>4,668.04</b>	9,474.30
MAT credit entitlement	-	(3,329.54)
Adjustment of tax related to earlier years	-	-
	<b>4,668.04</b>	6,144.76
<b>Deferred tax (income)/expense:</b>		
Origination and reversal of temporary differences	<b>2,079.21</b>	(2,709.88)
<b>Total deferred tax (income)/expense</b>	<b>2,079.21</b>	(2,709.88)
<b>Tax expenses</b>	<b>6,747.25</b>	3,434.88

**b) Amount recognised in OCI**

(₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	Before Tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	<b>(2,029.97)</b>	<b>709.35</b>	<b>(1,320.62)</b>	(10,806.28)	3,739.84	(7,066.44)
<b>Total</b>	<b>(2,029.97)</b>	<b>709.35</b>	<b>(1,320.62)</b>	10,806.28)	3,739.84	(7,066.44)

**c) Reconciliation of effective income tax rate**

(₹ in Lakhs)

Particulars	31 March 2019		31 March 2018	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation	-	<b>13,095.86</b>	-	16,379.47
Tax using the company's domestic tax rate (Income tax)	<b>34.94%</b>	<b>4,576.22</b>	34.61%	5,668.61
<b>Tax effect of:</b>				
Carry Forward Loss	<b>0.00%</b>	-	-7.29%	(1,194.03)
Weighted Deduction for R and D Expenditure	<b>-51.30%</b>	<b>(6,718.07)</b>	-27.32%	(4,474.58)
Non deductible expenses	<b>16.36%</b>	<b>2,141.85</b>	-	-
Minimum Alternate Tax	<b>35.65%</b>	<b>4,668.04</b>	57.84%	9,474.30
Tax incentive	<b>0.00%</b>	-	-	-
Deferred tax	<b>15.88%</b>	<b>2,079.21</b>	-36.87%	(6,039.42)
<b>Total income tax expense for the year</b>	<b>51.52%</b>	<b>6,747.25</b>	20.97%	3,434.88

**d) Movement in deferred tax balances**

(₹ in Lakhs)

Particulars	As on 1st April 2017	Recognised in profit or loss during 2017-18	As at 31st March 2018	Recognised in profit or loss during 2018-19	As at 31st March 2019
Property, plant and equipment	(5,810.91)	(292.94)	(6,103.85)	<b>(387.80)</b>	<b>(6,491.65)</b>
Allowance for doubtful trade receivables	8,514.57	(1,111.26)	7,403.31	<b>593.91</b>	<b>7,997.22</b>
Voluntary Retirement Expenses	-	-	-	-	-
Provision for Property Tax	123.73	-	123.73	<b>1.20</b>	<b>124.93</b>
Provision for Gratuity	262.96	3,566.76	3,829.72	<b>(2,479.31)</b>	<b>1,350.41</b>
Provision for Leave Salary	5,703.50	(514.44)	5,189.06	<b>54.24</b>	<b>5,243.30</b>
Provision for Performance Related Pay	31.15	41.53	72.68	<b>149.21</b>	<b>221.89</b>
Provision for Contributory medical Scheme	1,667.25	258.67	1,925.92	<b>(55.95)</b>	<b>1,869.97</b>
Provision for Pension	425.90	5.91	431.81	<b>35.78</b>	<b>467.59</b>
Provision for wage revision	188.69	754.77	943.46	<b>9.16</b>	<b>952.62</b>
Provision for pending legal cases	11.61	-	11.61	<b>0.33</b>	<b>11.94</b>
Derivatives and lease deposits	(0.88)	0.88	-	-	-
<b>Net deferred tax assets / (liabilities)</b>	<b>11,117.57</b>	<b>2,709.88</b>	<b>13,827.45</b>	<b>(2,079.23)</b>	<b>11,748.22</b>

**e) Unrecognised deferred tax assets**

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31 March 2019		31 March 2018	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised	-	-	-	-
<b>Tax losses</b>	-	-	-	-

**f) Tax losses carried forward**

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	31 March 2019	Expiry date	31 March 2018	Expiry date
<b>Expire</b>	-	-	-	-
Carry forward business loss	-	-	-	-
<b>Never expire</b>	-	-	-	-
Unabsorbed depreciation	-	-	-	-

**Note 11: Other non-current assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Capital Advances	<b>263.93</b>	1,712.46
Less: Allowance for doubtful Capital Advances	<b>(21.55)</b>	(21.55)
Advances to Related Parties - MAMC [refer Note no.39 (C) (ii)]	<b>602.39</b>	602.07
Advance MAMC consortium [see note (a) below]	<b>5,851.03</b>	5,800.61
Employee Advance	<b>92.74</b>	143.80
Prepayments	<b>78.60</b>	82.25
Gold coins on Hand	<b>10.11</b>	10.11
<b>Total</b>	<b>6,877.25</b>	8,329.75
<b>Due by officers of the company</b>	<b>8.66</b>	12.40

- 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 ₹1051.03 Lakhs (Previous Year - ₹1000.61 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 ₹5851.03 Lakhs (Previous Year - ₹5800.61

Lakhs) is disclosed as 'Advance to MAMC consortium', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders' agreement from MOD is being pursued.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly-owned subsidiary company for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of ₹602.39 Lakhs (Previous Year - ₹602.07 Lakhs) on account of MIL, which is included under the head 'Advances to related parties'.

**Note 12: Inventories (Lower of cost and Net realisable value)**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Raw materials & Components	<b>53,632.93</b>	54,670.61
Less: Allowance for obsolescence - Raw Material	<b>(1,189.75)</b>	(1,056.73)
Raw materials & Components in Transit	<b>2,559.91</b>	2,485.35
Stores and Spares	<b>1,928.35</b>	2,187.06
Work-in-Progress	<b>69,363.61</b>	72,203.42
Finished Goods	<b>15,447.02</b>	17,719.53
Less: Allowance for obsolescence - Finished Goods	<b>(977.02)</b>	(1,064.11)
Finished Goods in Transit	<b>585.96</b>	2,271.20
Stock of Spares	<b>30,069.60</b>	30,988.16
Less: Allowance for obsolescence - Stock of Spares	<b>(4,414.02)</b>	(3,734.32)
Stock of Spares in Transit	<b>239.25</b>	353.50
Hand tools	<b>2,322.27</b>	2,371.10
Scrap	<b>659.02</b>	556.46
<b>Total</b>	<b>170,227.13</b>	179,951.23

- a. Raw materials & Components include materials lying with sub contractors ₹2184.98 Lakhs (Previous Year - ₹2355.15 Lakhs). Of these, confirmation from the parties is awaited for ₹ 850.15. lakhs (Previous Year - ₹ 816.79 Lakhs).
- b. The closing stock of work-in-progress and finished goods are stated at lower of standard cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.
- c. Variances arising on account of difference between standard cost and the actual cost, on account of change in the nature of inputs from bought-out to internally manufactured or vice versa, timing difference between standard cost and actual occurrence during the financial period and fluctuations in the material prices, is adjusted in the cost of production in order not to carry forward the period variances to subsequent financial period.
- d. Allowance towards obsolescence is made as per the Board approved provisioning norms and is based on ageing of inventory.

**Note 13: Current Investments**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>In Quotas of Foreign Subsidiary - unquoted at cost</b>		
Investments in Quotas in BEML Brazil Industrial Ltda., 99.98% of the quotas held by BEML and balance held by the nominees of BEML.	<b>185.55</b>	185.55
Less: Allowance for impairment of investment	<b>(146.19)</b>	(141.87)
Capital Repatriated	<b>(39.36)</b>	-
<b>Total</b>	<b>-</b>	43.68

BEML has formed a 100% owned subsidiary in Brazil. As there is no operations in 'BEML Brazil Industrial Ltda' presently, BEML is in the process of initiating closure formalities of Brazil Office. Capital repatriation has been completed and the amount has been repatriated from BBIL Account to Account of BEML India. Cancellation of company registration number has been initiated before Government Authorities and is under process.

The movement in the allowance for impairment is as follows:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Balance at the beginning of the year	141.87	133.72
Impairment losses recognised	4.32	8.15
Written off during the year	-	-
Credited to profit or loss	-	-
Balance at the end of the year	146.19	141.87

**Note 14: Trade receivables**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured, considered good</b>		
Outstanding for period exceeding six months *	58,274.46	84,736.79
Others	103,030.20	80,343.84
<b>Unsecured, considered doubtful</b>		
Outstanding for period exceeding six months	19,003.07	16,699.33
Allowance for bad and doubtful trade receivables	(19,003.07)	(16,699.33)
<b>Total</b>	<b>161,304.66</b>	165,080.63

\* Trade receivables-Outstanding for period exceeding six months include ₹ 9507.47 Lakhs (Previous Year ₹ 4899.99 Lakhs) towards PMS Bridge contract, in respect of the following :

- |   |   |
|---|---|
| <p>i) amount outstanding towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with Ministry of Defence (MoD) in 2001 ₹4899.99 Lakhs and</p> <p>ii) Dollies supplied to MoD ₹4607.48 Lakhs.</p> <p style="margin-left: 20px;">i) This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation. The customer has asked the acceptability of paying authority to release pending payment on account of FOB on the basis of clarification to be issued by MoD /AHQ</p> | <p>that invoices in EURO, may be accepted in view of adoption of EURO as currency by EU nations in 2007 and payment to be made within the amount of the FOB fixed in the contract (in terms of USD). The matter is under active consideration.</p> <p>ii) In respect of dollies, MoD has accepted 18 numbers dollies (out of 56 numbers) including prototype dolly and the balance are under clearance/dispatch.</p> <p>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.</p> |
|---|---|

The movement in the allowance for bad and doubtful trade receivables is as follows:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Balance at the beginning of the year	16,699.33	16,191.99
Impairment losses recognised	2,618.37	1,970.35
Written off during the year	(314.63)	(1,415.45)
Credited to profit or loss	-	(47.56)
Balance at the end of the year	19,003.07	16,699.33

**Note 14a: Contract Assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Rail & Metro	48,857.05	-
Mining & Construction	59.31	-
Defence	-	-
<b>Total</b>	<b>48,916.36</b>	-

**Note 15: Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with Banks	2,236.96	164.35
<b>Total</b>	<b>2,236.96</b>	164.35

**Note 15a: Bank Balance Other than (Note 15) above**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with Banks - Unclaimed Dividend	905.51	34.04
<b>Total</b>	<b>905.51</b>	34.04

- a. The Company earns no interest on balances with banks in current accounts. (Previous Year ₹82.08 Lakhs) & BEML share is ₹ 189.99 Lakhs (Previous Year ₹ 16.53 Lakhs)
- b. Balances with banks include the following on which there were restrictions placed on use and / or held on behalf of third parties:
- ESCROW account balance to be distributed among consortium members ₹1979.03 Lakhs
- c. Out of the Cash Credit Limit of ₹ 120000 Lakhs sanctioned to the company by Consortium Bankers, the amount drawn by the company as on 31st March is ₹ 9750.89 Lakhs (Previous Year ₹ 13466.65 Lakhs) (Refer Note 24)
- d. For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with Banks	2,236.96	164.35
Balances with Banks - Unclaimed Dividend	905.51	34.04
Cheques, drafts on hand	-	-
Cash on hand	-	-
Less: Bank overdraft/Cash credit facility	(9,750.89)	(13,466.65)
<b>Total</b>	<b>(6,608.42)</b>	(13,268.26)

For an understanding of the Company's cash management policies, refer Note no.39 L (ii) on liquidity risk.

**Note 16: Current Loans**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured, considered good</b>		
Lease Deposits	-	1.00
Inter Corporate Loan	<b>817.28</b>	817.28
<b>Total</b>	<b>817.28</b>	818.28

**Note 17: Current - Other financial assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposit with Customers	<b>107.39</b>	107.39
Earnest Money Deposit	<b>89.33</b>	89.33
Deposit with service providers	<b>444.19</b>	454.87
<b>Total</b>	<b>640.91</b>	651.59

For an understanding of the Company's derivative transactions, refer Note no. 39N on derivatives.

**Note 17a: Current tax assets (Net)**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Advance Income Tax	<b>3,400.00</b>	1,814.00
Income Tax Refund	<b>2,482.52</b>	2,381.50
Tax Deducted at Source	<b>1,676.58</b>	108.37
<b>Total</b>	<b>7,559.10</b>	4,303.87

**Note 18: Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Amount	Number	Amount
Advances to Related Parties		<b>135.48</b>		234.04
Balances with Public Utility concerns		<b>600.28</b>		600.31
Less: Allowance for doubtful Balances with Public Utility concerns		<b>(165.39)</b>		(180.54)
Balances with Govt. departments for Customs Duty, Excise Duty, GST etc.,		<b>53.49</b>		27.09
Advance to Vendors		<b>9,781.24</b>		10,775.85
Less: Allowance for doubtful advances to Vendors		<b>(3,882.76)</b>		(3,835.27)
Employee Advance		<b>283.47</b>		334.22
Duties and Taxes		<b>3,081.91</b>		4,500.84
Indirect Taxes - Pre GST		-		2,229.67
Less: Allowance for doubtful Indirect Taxes-GST		-		-
Indirect Taxes -GST		<b>5,849.12</b>		-
Prepayments		<b>1,517.45</b>		728.92
Claims receivable		<b>11,885.57</b>		17,436.66
Less: Allowance for doubtful claims		<b>(5,527.15)</b>		(5,525.76)
GST on stock transfers		<b>370.75</b>		650.13
Unbilled revenue		-		-
<b>Total</b>		<b>23,983.46</b>		27,976.16
<b>Due by Officers of the Company</b>		<b>26.53</b>		28.76

Claims receivable includes claims lodged pending under reconciliation amounting to ₹ 2610.74 Lakhs (Previous Year - ₹ 2610.74 Lakhs). The Company doesn't expect any material impact on the final realization of the above amounts.

**Note 19: Equity share capital**

(₹ in Lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Amount	Number	Amount
<b>Authorised :</b> Equity Shares of ₹10 each	<b>100000000</b>	<b>10,000.00</b>	100000000	10,000.00
<b>Issued :</b> Equity Shares of ₹10 each	<b>41900000</b>	<b>4,190.00</b>	41900000	4,190.00
<b>Subscribed :</b> Equity Shares of ₹10 each	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Paid-up :</b> Equity Shares of ₹10 each, fully paid-up	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Forfeited Shares (amount originally paid) :</b> Equity Shares of Paid-up value ₹5 each	<b>255500</b>	<b>12.77</b>	255500	12.77
<b>Total</b>		<b>4,177.22</b>		4,177.22

**Rights and restrictions attached to equity shares**

The company has only one class of share, i.e., equity shares having the face value of ₹10 per share. Each holder of equity share is entitled to one vote per share. Dividend is paid in Indian Rupees. The dividend recommended by the Board of Directors

is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Disclosure requirements for 5 years	Number of Shares				
	2018-19	2017-18	2016-17	2015-16	2014-15
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 2019		As at 31st March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding as at Opening Date	416,44,500	4,164.45	416,44,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	416,44,500	4,164.45	416,44,500	4,164.45

**Equity Shares held by shareholders having 5% or more**

Name of the shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	% held	No. of Shares	% held
President of India	225,00,000	54.03	225,00,000	54.03
HDFC Trustee Company Limited (PAN wise)	37,15,380	8.92	37,47,580	9.00

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

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

The Board of Directors had approved an Interim Dividend of ₹4.50 per equity share i.e 45% on equity shares of ₹10 each on 21.03.2019 which was distributed among eligible shareholders.

The Board of Directors in their meeting held on 25th May 2019 recommended a dividend of ₹2.50/- per equity share (i.e.,25%) for the financial year ended 31st March 2019, subject to the approval of shareholders at the ensuing Annual General Meeting. If approved, this would result in a cash outflow of approximately ₹1255.11 Lakhs including corporate dividend tax.

**Note 20: Non-current Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Non-Current	Current	Non-Current	Current
<b>Debentures</b>				
Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.24%	<b>30,000.00</b>	-	30,000.00	-
<b>Term Loans</b>				
<b>(a) Secured from Banks</b>	-	-	-	-
<b>(b) Unsecured from other parties</b>				
i. Inter corporate loans against company's corporate guarantee (from Coal India)	-	-	-	-
ii. Soft Loan - Interest Free Loan from Govt of Kerala	<b>296.68</b>	<b>148.34</b>	448.53	606.20
<b>Total</b>	<b>30,296.68</b>	<b>148.34</b>	30,448.53	606.20

**Maturity Pattern of Secured Redeemable Non-convertible Debentures :**

(₹ in Lakhs)

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

**Terms of repayment of Soft Loan - Interest free Loan from Govt. of Kerala**

(₹ in Lakhs)

Debentures	2019-20	2020-21	2021-22
Soft Loan - Interest free Loan, Re-payable in 10 equal installments in 5 years	188.80	188.80	188.80

**Note 21: Non-current - Other financial liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Deposit from vendors	<b>41.60</b>	41.60
<b>Total</b>	<b>41.60</b>	41.60

**Note 22: Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Provision for employee benefits</b>		
for Leave Salary	<b>11,878.53</b>	12,331.51
for Post retirement medical scheme	<b>2,996.09</b>	3,499.22
<b>Provision-others</b>		
for warranty	<b>158.00</b>	106.08
for unexpired obligations	<b>2,538.76</b>	700.17
<b>Total</b>	<b>17,571.38</b>	16,636.98

1. For movement in the provisions during the year refer Note no. 28
2. The provision for employee benefits represents annual leave and vested long service entitlements accrued.
3. Warranty provisions are recognised on a contract-by-contract basis for goods sold over the warranty period. The provision is based on estimates of probable likelihood of product failure and returns based on current sales level and past experience.
4. Provision for unexpired obligations is towards supply of Backup Spares against guaranteed availability contracts.

**Note 23: Other non-current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Advances from customers	<b>33,237.18</b>	33,237.18
Staff related	<b>28.38</b>	26.25
Deferred government grant	<b>80.92</b>	69.73
<b>Total</b>	<b>33,346.48</b>	33,333.16

- a. Company received an interest free loan of ₹944.00 Lakhs from Government of Kerala (Note 20). The same has been initially recognised at fair value and the difference between the proceeds and fair value is recognised as deferred government grant.

The government grant income is amortised to profit or loss on a straight line basis over the term of interest free loan (Note 31).

**Note 24: Current Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Repayable on demand from banks</b>		
<b>Secured</b>		
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of Inventories, Bills receivable, Book Debts and all other movables both present and future)	<b>9,750.89</b>	13,466.65
<b>Unsecured</b>	-	-
<b>Total</b>	<b>9,750.89</b>	13,466.65

## Note 25: Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Total outstanding dues of micro & small enterprises	<b>2,550.17</b>	2,329.34
Total outstanding dues of creditors other than micro & small enterprises	<b>73,658.90</b>	51,178.14
<b>Total</b>	<b>76,209.07</b>	53,507.48

### Micro and Small Enterprises (MSE)

The information under MSMED Act, 2006 has been disclosed to the extent such vendors have been identified by the company. The details of amounts outstanding to them based on available information with the Company is as under :

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Amount due and Payable at the year end		
- Principal	-	-
- Interest on above Principal	-	-
Payments made during the year after the due date		
- Principal	-	196.45
- Interest	-	2.32
Interest due and payable for principals already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006.	-	-

## Note 26: Current - Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Current maturities of long term debt (refer note 20)	<b>148.34</b>	606.20
Deposit from vendors	<b>679.23</b>	466.85
Earnest Money Deposit from vendors	<b>1,099.64</b>	555.94
Interest accrued but not due on borrowings	<b>1,017.67</b>	1,020.09
Unclaimed dividend	<b>905.51</b>	34.04
<b>Total</b>	<b>3,850.39</b>	2,683.12

**Note 27: Other current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Other payables		
a. Staff related dues	<b>2,179.53</b>	2,288.50
b. Statutory dues	<b>5,397.43</b>	8,771.76
d. Advances from customers	<b>51,912.68</b>	40,885.43
e. Service vendors	<b>6,721.01</b>	8,722.29
f. Civil contractors and Capital payments	<b>3,606.57</b>	1,293.63
g. Liability for wage revision - executives	<b>5,897.19</b>	-
Deferred government grant (refer note 23 a)	<b>40.46</b>	94.38
<b>Total</b>	<b>75,754.87</b>	62,055.99

Civil contracts and Capital payment including ₹2355.96 lakhs pertaining to Bank Guarantee Encashed during the current year against 18 MW wind mill project due to non-fulfillment of contractual obligation.

**Note 28: Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Provision for employee benefits</b>		
for Gratuity	<b>3,864.50</b>	11,065.96
for Leave Salary	<b>3,126.32</b>	2,662.27
for Performance Related Pay	<b>1,125.00</b>	700.00
for Post retirement medical scheme	<b>2,355.24</b>	2,065.74
for Officers Pension	<b>1,338.11</b>	1,247.74
for Wage revision	<b>9,988.11</b>	9,087.15
<b>Provision-others</b>		
for pending legal cases	<b>34.17</b>	33.56
for warranty	<b>6,269.64</b>	6,018.58
for unexpired obligations	<b>935.00</b>	788.13
for onerous contract	<b>1,123.57</b>	-
for tax on interim dividend	<b>385.20</b>	-
<b>Total</b>	<b>30,544.86</b>	33,669.13

### Movement in Provisions

(₹ in Lakhs)

Particulars	As at 01.04.2018		Additions	Utilization	Reversal	As at 31st March 2019	
	Non-current	Current				Non-current	Current
Gratuity	-	11,065.96	3,864.55	11,066.01	-	-	3,864.50
Leave Salary	12,331.51	2,662.27	4,097.09	4,086.02	-	11,878.53	3,126.32
Post retirement medical scheme	3,499.22	2,065.74	248.64	462.27	-	2,996.09	2,355.24
Performance Related Pay	-	700.00	425.00	-	-	-	1,125.00
Officers Pension	-	1,247.74	1,327.00	1,236.63	-	-	1,338.11
Wage revision	-	9,087.15	900.96	-	-	-	9,988.11
Pending legal cases	-	33.56	1.65	1.04	-	-	34.17
Warranty	106.08	6,018.58	4,893.40	4,176.88	413.54	158.00	6,269.64
Unexpired Obligation	700.17	788.13	4,359.72	2,374.26	-	2,538.76	935.00
Onerous contract	-	-	1,123.57	-	-	-	1,123.57
Tax on interim dividend	-	-	385.20	-	-	-	385.20
<b>Total</b>	<b>16,636.98</b>	<b>33,669.13</b>	<b>21,626.78</b>	<b>23,403.11</b>	<b>413.54</b>	<b>17,571.38</b>	<b>30,544.86</b>

### Note 29: Current tax liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Provision for Income tax	<b>3,958.68</b>	4,886.59
Less: MAT credit entitlement	-	(3,329.54)
<b>Total</b>	<b>3,958.68</b>	1,557.05

**Note 30: Revenue from Operations**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
(a) Sale of products (including excise duty as applicable):		
Earth Moving Equipment	95,538.20	101,954.29
Rail & Metro Products	147,552.64	101,774.84
Defence Products	15,925.17	35,727.44
Spare Parts	68,784.92	68,701.71
<b>Sub-total</b>	<b>327,800.93</b>	308,158.28
(b) sale of services;		
Equipment Servicing	16,899.07	19,155.28
<b>Sub-total</b>	<b>16,899.07</b>	19,155.28
(c) other operating revenues		
Wind Energy	1,104.79	821.82
Sale of Scrap	2,301.61	2,406.48
<b>Sub-total</b>	<b>3,406.40</b>	3,228.30
<b>Revenue from operations</b>	<b>348,106.40</b>	330,541.86

- A. i. GST on Revenue from Operations up to March 2019 is ₹48000.48 Lakhs (Previous Year ₹52287.57 Lakhs). W.e.f 01.07.2017 on the introduction of GST Law, GST has not been included in the Revenue from Operations. Revenue from operations up to June 2017 for FY 2017-18 is inclusive of Excise duty ₹5986.85 Lakhs.
- ii. Revenue includes ₹1303.30 Lakhs (Previous Year: ₹ Nil ) on account of Sale of 08 No. of equipment on "Bill and hold sales" basis recognised in accordance with Ind AS-115. This does not bear any custodian charges.
- iii. Revenue Includes ₹3403.16 Lakhs sale on account of 1.No BH150E and 1 No BH205E Dump Truck on the basis of Sale cum trial . The price is provisional as per the terms of sale order, revenue has been recognised due to transfer of vehicle to the customer as per Ind AS 115. A provision of ₹555.63 Lakhs has been made towards unsatisfied performance obligation.
- iv. Revenue from operation includes ₹1920.02 lakhs towards export sales.
- B. 1. Revenue is recognized over time on the contracts for metro cars supply and service contracts wherever transfer of control on goods/services and performance obligation satisfied over time. All other revenue is recognized at a point in time when control transfers.
2. Revenue from Operations include ₹43,725.72 Lakhs and ₹ 59.31 Lakhs recognized as Contract Assets in respect of Contracts entered with Metro Corporations for design, manufacture, supply, testing & commissioning of Metro Cars and in respect of Contracts entered with M/s Northern Coalfields Ltd for Equipment Rehabilitation and Aggregates Repairs respectively, due to adoption of Ind AS 115 effective from 01-04-2018.
3. In case of metro supply contracts and Equipment Rehabilitation and Aggregates Repairs Contracts, for determination of transaction price for the purpose of recognizing revenue over time, Input Method has been considered .

4. Following are the closing and opening balances of Receivables, Contract Assets and Contract liabilities (which are measured under Input Method):

(₹ in Lakhs)

Details	Balance as on 31.03.2019	Balance as on 01.04.2018
Receivables	22,220.18	11,652.47
Contract Assets	48,916.36	5,131.33

5. Payments under the Metro Supply Contracts are released by customers upon completion of milestones of Cost centers identified in the contracts.
6. Payments are released by customers under Equipment Rehabilitation and Aggregates Repairs Contracts upon completion of Repair/Rehabilitation ,delivery and acceptance of the items at Customer site as indicated in the Contract.
7. Warranties: In respect of Metro Contracts, Defect Liability periods are applicable till taking over of Train sets by the Customer.
8. Standard Warranty is provided for a period of 12 months Or 4000 hours of satisfactory performance of Equipment after delivery and commissioning. Warranty for Electrical items is for 12 months/3000 hrs from the date of commissioning whichever is earlier.
9. ₹65435.59 Lakhs for Metro Contracts and ₹ 240.24 Lakhs for Equipment Rehabilitation and Aggregates Repairs Contracts, is the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period and Company expects to recognize this revenue during FY 2019-20.
10. Following is the reconciliation of amount of revenue recognized in the statement of P&L on recognition of Contract Assets:

(₹ in Lakhs)

Particulars	Amount
Total Contract Assets	43,785.03
Adjustment on the contract price towards discounts, rebate, refunds etc.,	-

#### ii. Ind AS 11 (Construction Contracts)

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

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
a) Contracts revenue recognized during the year	-	2,374.20
b) Disclosure in respect of Contracts in Progress as at 31st March 2019		
(i) Aggregate amount of cost incurred	-	-
(ii) Recognized profit (less recognized losses, if any) net of provision for contingency	-	-
(iii) Amount of advances received and outstanding	-	-
(iv) The amount of retention	-	-
c) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts up to 31.03.2019 to the estimated total cost of the contract, is used to determine the stage of completion.		

**Note 31: Other income**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Interest Income		
- From Inter Corporate Loans	<b>151.59</b>	245.58
- From Other Advances	-	-
- From Income tax refund	-	-
- Finance income on lease deposits	<b>0.99</b>	6.47
- Others	<b>41.15</b>	84.49
Government grant income	<b>42.73</b>	42.73
Export incentives	<b>82.19</b>	40.48
Dividend Income		
- Dividend Received from Subsidiary	<b>13.47</b>	-
- Other Dividends	-	-
Net gain on sale of property, plant and equipment	<b>6.20</b>	7.01
Provisions written back		
- Doubtful trade receivables & advances	-	47.57
- Others	<b>11.57</b>	178.53
Foreign exchange gain	-	568.46
Other non-operating income	<b>1,961.43</b>	1,268.36
<b>Total</b>	<b>2,311.32</b>	2,489.68

**a. Tax Deducted at Source on Income**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
a) Interest on Inter Corporate Loans	<b>15.15</b>	24.56

**Note 32: Cost of materials consumed**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Cost of materials consumed	<b>197,061.50</b>	172,544.32

**Note 33: Purchase of stock-in-trade**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Purchase of stock-in-trade	-	-

**Note 34: Changes in inventories of finished goods, stock-in-trade and work-in-progress**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
<b>Opening Stock</b>		
Finished goods	<b>18,926.62</b>	41,999.49
Work-in-progress	<b>67,018.01</b>	57,725.23
Scrap	<b>556.46</b>	542.03
Reversal of Opening ED on Finished goods	-	(6,656.09)
Reversal of Opening ED on Scrap	-	(58.18)
	<b>86,501.09</b>	93,552.48
<b>Closing Stock</b>		
Finished goods	<b>15,055.96</b>	18,926.62
Work-in-progress	<b>69,363.61</b>	72,203.42
Scrap	<b>659.02</b>	556.46
	<b>85,078.59</b>	91,686.50
<b>(Increase) / Decrease</b>		
Finished goods	<b>3,870.66</b>	16,416.78
Work-in-progress	<b>(2,345.60)</b>	(14,478.19)
Scrap	<b>(102.56)</b>	(72.61)
<b>Total</b>	<b>1,422.50</b>	1,865.98

**Note 35: Employee benefits expense**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Salaries, Wages & Bonus	<b>62,721.78</b>	63,673.93
Leave Salary	<b>4,097.09</b>	3,744.36
Contribution to:		
- Gratuity Fund	<b>1,112.27</b>	900.06
- Provident Fund and Other Funds	<b>5,643.35</b>	5,695.19
Post retirement medical scheme	<b>970.93</b>	997.19
Staff welfare expenses	<b>6,082.46</b>	6,301.62
- Less receipts	<b>434.76</b>	462.59
Net staff welfare expenses	<b>5,647.70</b>	5,839.03
<b>Total</b>	<b>80,193.12</b>	80,849.76

**A. Ind AS 19 (Employee Benefits)**

**a. Leave Salary**

This is an unfunded employee benefit plan categorized under other long term employee benefits in terms of Ind AS 19. The obligation for compensated absence has been actuarially valued and liability provided accordingly.

Actuarial Assumptions	Current Year (Unfunded)	Previous Year (Unfunded)
Mortality Table	<b>2006-08 (IALM) (Ultimate)</b>	2006-08 (IALM) (Ultimate)
Discount rate	<b>7.59%</b>	7.70%
Rate of escalation in salary	<b>5.00%</b>	5.00%

**b. Post Retirement Medical Scheme**

**1. Employees**

- (i) The company has a post retirement defined benefit medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated employees who opt for the scheme. The Company pays 2/3 rd insurance premium and the balance is paid by the superannuated employees.
- (ii) The results of the actuarial study for the obligation of the medical benefit as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Principal actuarial assumptions</b>		
Discount rate	<b>7.59%</b>	7.70%
Range of compensation increase	<b>5.00%</b>	5.00%
Attrition rate	<b>0.55%</b>	0.42%
<b>Components of income statement charge</b>		
Current Service Cost	<b>120.58</b>	213.13
Interest Cost	<b>281.61</b>	249.31
Total income statement charge	<b>402.19</b>	462.44
<b>Movements in net defined benefit liability</b>		
Net obligation at the beginning of the year	<b>3,710.22</b>	3,312.72
Employer contributions	-	(205.32)
Total expense recognised in profit or loss	<b>402.19</b>	462.44
Total amount recognised in OCI	<b>(722.29)</b>	140.38
<b>Net obligation at the end of the year</b>	<b>3,390.12</b>	3,710.22

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>3,710.22</b>	3,312.72
Current service cost	<b>120.58</b>	213.13
Interest cost	<b>281.61</b>	249.31
Benefits paid directly by the company	-	(205.32)
Actuarial loss / (gain) on obligations	<b>(722.29)</b>	140.38
<b>DBO at the end of the year</b>	<b>3,390.12</b>	3,710.22
<b>Re-measurements</b>		
Actuarial gain/(loss) on account of experience adjustments	<b>(722.29)</b>	140.38
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>(722.29)</b>	140.38

### (iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
<b>Discount rate</b>		
+ 0.50% discount rate	<b>(52.40)</b>	(108.15)
- 0.50% discount rate	<b>83.21</b>	117.88
<b>Premium cost</b>		
+ 0.50% premium growth	<b>121.65</b>	111.57
- 0.50% premium growth	<b>(72.67)</b>	(94.18)

### (iv) Experience adjustments

(₹ in Lakhs)

	Current Year	Previous Year
Defined benefit obligation	<b>3,390.12</b>	3,710.22
Experience adjustment on plan liabilities	<b>(637.33)</b>	239.81

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

## 2. Officers

For officers, from the year 2015-16 a new Post-Retirement Medical Scheme has been introduced where a percentage of Basic salary and DA of officers will be contributed to a separate fund and the fund arrange to provide medical insurance to retired officers. Company has contributed 3% of the basic and DA of officers amounting to ₹568.74 Lakhs during 2018 -19 for the scheme. Company has no further liability other than the contribution

to the fund. Hence the scheme is a defined contribution plan and no actuarial valuation is required.

## c. Interest Rate Guarantee on Provident Fund

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

<b>Actuarial Assumptions</b>	<b>Current Year (Funded)</b>	Previous Year (Funded)
Discount rate	<b>7.59%</b>	7.70%
Rate of escalation in salary	<b>5.00%</b>	5.00%
Interest Rate Guarantee on Provident Fund	<b>8.55%</b>	8.55%

**d. Officers Pension Scheme**

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

**e. Gratuity**

- (i) The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.
- (ii) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

(₹ in Lakhs)

<b>Actuarial study analysis</b>	<b>Current Year</b>	Previous Year
<b>Principal actuarial assumptions</b>		
Discount rate	<b>7.59%</b>	7.70%
Range of compensation increase	<b>5.00%</b>	5.00%
Attrition rate	<b>0.55%</b>	0.42%
Expected rate of return on plan assets	<b>7.59%</b>	7.70%
<b>Components of income statement charge</b>		
Current Service Cost	<b>688.68</b>	890.06
Interest Cost	<b>423.60</b>	10.00
<b>Total income statement charge</b>	<b>1,112.28</b>	900.06
<b>Movements in net liability/(asset)</b>		
Net liability / (asset) at the beginning of the year	<b>11,065.96</b>	759.82
Employer contributions	<b>(11,074.96)</b>	(1,259.82)
Total expense recognised in profit or loss	<b>1,112.28</b>	900.06
Total amount recognised in OCI	<b>2,752.27</b>	10,665.90
<b>Net liability / (asset) at the end of the year</b>	<b>3,855.55</b>	11,065.96
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>44,867.30</b>	35,449.64
Current service cost	<b>688.68</b>	890.06
Interest cost	<b>3,143.57</b>	2,549.95
Benefits paid directly by the company	<b>(6,900.11)</b>	(4,666.79)
Actuarial loss / (gain) on obligations	<b>2,745.13</b>	10,644.44
<b>DBO at the end of the year</b>	<b>44,544.57</b>	44,867.30

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	(7.14)	(21.46)
Actuarial gain/(loss) on account of experience adjustments	(2,745.13)	(10,644.44)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>(2,752.27)</b>	<b>(10,665.90)</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	33,801.34	34,689.82
Interest on plan assets	2,719.97	2,539.95
Contributions made	11,074.96	1,259.82
Benefits paid	(6,900.11)	(4,666.79)
Actuarial gain/(loss) on plan assets	(7.14)	(21.46)
<b>Fair value of plan assets at the end of the year</b>	<b>40,689.02</b>	<b>33,801.34</b>

### (iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
<b>Discount rate</b>		
Discount rate (CY +100 basis pts; PY +50 basis pts)	(1,981.66)	(1,009.64)
Discount rate (CY -100 basis pts; PY -50 basis pts)	2,215.26	1,065.59
<b>Salary increase</b>		
Salary growth (CY +100 basis pts; PY +50 basis pts)	1,828.04	949.92
Salary growth (CY -100 basis pts; PY -50 basis pts)	(1,725.85)	(924.00)

### (iv) Experience adjustments

(₹ in Lakhs)

	Current Year	Previous Year
Defined benefit obligation	44,544.57	44,867.30
Fair value of plan assets	40,689.02	33,801.34
(Surplus)/deficit in plan assets	3,855.55	11,065.96
Experience adjustment on plan liabilities	11,395.47	11,395.47
Actual return on plan assets less interest on plan assets	423.60	10.00

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

### (v) Investment details

The plan assets under the fund are deposited under approved securities as follows:

		Current Year	Previous Year
Investment with LIC	%	100	100
Others	%	0	0

**Note 36: Finance costs**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
<b>Interest expense</b>		
On Cash Credit & Short term loans	<b>3,176.22</b>	2,129.17
On Long Term Loans	-	-
On External Commercial Borrowings	-	-
On Non-convertible Debentures	<b>2,705.22</b>	2,549.74
On Inter Corporate Loans	-	24.97
On MSE vendors	-	2.32
Unwinding of discount on Interest free loan	<b>42.73</b>	71.45
Others	<b>15.23</b>	30.91
<b>Total</b>	<b>5,939.40</b>	4,808.56

**Ind AS 23 (Borrowing Costs)**

The amount of interest capitalized during the Year is ₹66.78 Lakhs (Previous Year - ₹222.26 Lakhs).

**Note 37: Other expenses**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Consumption of stores and spare parts	<b>566.10</b>	696.28
Consumable Tools	<b>640.41</b>	780.91
Power and fuel	<b>3,498.63</b>	3,615.06
Rent	<b>413.77</b>	490.25
Hire Charges	<b>981.59</b>	957.74
Repairs & Maintenance		
Machinery & Equipment	<b>461.41</b>	476.96
Buildings	<b>590.15</b>	733.58
Others	<b>901.19</b>	835.97
Stationery	<b>107.63</b>	123.77
Insurance	<b>474.73</b>	429.12
Rates & Taxes	<b>508.01</b>	324.70
Bank guarantee fee and other charges	<b>745.68</b>	632.94
Communication expenses	<b>329.78</b>	279.11
Commission on sales	<b>18.41</b>	21.50
Remuneration to Auditors (refer note 'a' below)	<b>25.26</b>	25.45
Legal & Professional Charges	<b>184.85</b>	359.83
Travelling Expenses	<b>1,425.91</b>	1,423.82
Publicity & Public Relations	<b>508.67</b>	298.48
Loss on sale of property, plant and equipment	<b>0.77</b>	11.57
Bad Debts written off	-	119.91
Defects & Spoilages	<b>16.82</b>	14.70
Works Contract Expenses	<b>7,022.23</b>	7,095.18
Expenses on Maintenance Contract	<b>4,115.71</b>	4,085.38
Sundry Direct Charges	<b>2,116.00</b>	1,035.87
Freight charges	<b>3,055.91</b>	2,310.51
Expenditure on CSR Activities	<b>310.19</b>	334.65
Excise duty on sales	-	5,986.85
Excise duty on increase / (decrease) in Stock	-	0.06
Provision for Obsolescence	<b>817.90</b>	774.99
Provision for Onerous contract	<b>1,123.57</b>	-
Provision for doubtful trade receivables & advances	<b>2,225.13</b>	2,721.82
Provision for diminution in value of Current Investment	<b>4.32</b>	8.15
Provision for diminution in value of Non Current Investment	-	-
Warranty & Unexpired Obligations	<b>4,952.38</b>	5,133.71
Less: Transfers	<b>(3,136.51)</b>	(3,100.00)
Warranty & Unexpired Obligations	<b>1,815.87</b>	2,033.71
Liquidated damages on sales	<b>588.68</b>	174.74
Foreign exchange loss / (gain)	<b>328.52</b>	-
Miscellaneous expenses	<b>9,823.37</b>	10,946.05
<b>Total</b>	<b>45,747.17</b>	50,159.61

**a. Break up of Remuneration to Auditors :**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
(a) As Auditor	14.63	14.63
(b) for taxation matter	3.17	2.06
(c) Other Services - Certification Fees	6.82	8.28
(d) Reimbursement of Expenses	0.64	0.48
<b>Total</b>	<b>25.26</b>	25.45

**Note 38: Exceptional Items**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Income	-	-
Expenditure	-	-
Net Income / (Expenditure)	-	-

**Note 39: Other Disclosures**

**A. Basic / Diluted Earnings Per Equity Share**

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	6,348.61	12,944.59
Average Number of Shares	416,44,500	41,644,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	15.24	31.08

**B.** In terms of Notification No. S.O.802(E) dated 23-02-2018 of the Ministry of Corporate Affairs, the Board at its meeting held on 27.05.2016 has given consent with regard to non-disclosure of information as required under paragraphs 5(ii) (a) (1), 5(ii) (a) (2), 5(iii) and Para 5(viii) (a), (b), (c) and (e) of Part II to Schedule III of the Companies Act, 2013, in the Annual accounts for the Financial Year 2015-16 onwards.

**C. Ind AS 24 - Related Parties**

In accordance with the requirements of Ind AS 24, following are details of the transactions during the year with related parties.

Name of the related party	Nature of relationship
Vignyan Industries Limited	Subsidiary
MAMC Industries Limited	Subsidiary
BEML Brazil Industrial Ltda	Subsidiary
BEML Midwest Limited	Joint venture
BEML PF Trust	Employee benefit and administration trust fund
BEML Gratuity Trust	Employee benefit and administration trust fund
BEML Death-cum-Retirement Benefit Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Pension) Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Benefit) Trust Fund	Employee benefit and administration trust fund
Shri. D.K. Hota	Key managerial personnel
Shri. Aniruddh Kumar	Key managerial personnel
Shri. B R Viswan atha	Key managerial personnel
Shri. R H Muralidhara	Key managerial personnel
Shri. Suraj Prakash	Key managerial personnel
Shri. Suresh S. Vastrad	Key managerial personnel
Shri. S V Ravi Sekhar Rao	Key managerial personnel

## Transactions with related parties

1. The details of related party transactions entered into by the Company are as follows:

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

#### Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
<b>Transactions during the year ended</b>		
Sales	701.81	760.48
Purchases	3,184.43	3,456.25
Salaries charged to VIL for BEML personnel deputed there.	34.89	78.08
Dividends Received	13.47	-
<b>Equity Investment held as on 31st March (at cost)</b>	<b>252.60</b>	252.60
<b>Outstanding balances</b>		
Amount payable towards supplies as on	44.25	-
Amount recoverable as on	-	98.56
Corporate Guarantee given to Bankers	-	-

### ii. Name of the Subsidiary - M/s. MAMC Industries Limited [Refer Note 11 (a)]

#### Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Equity Investment held as on 31st March (at cost)	5.00	5.00
Advances recoverable as on 31st March	602.39	602.07

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

#### Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
<b>Transactions during the year ended</b>		
Sales	-	-
Purchases	-	-
<b>Equity Investment held as on 31st March (at cost)</b>	<b>542.25</b>	542.25
<b>Outstanding balances</b>		
Advances recoverable as on	135.48	135.48
Amount payable towards supplies as on	230.00	230.00
Corporate Guarantee given to Bankers [refer Note 7 (b)]	1,912.50	1,912.50

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

#### Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Investment in Quotas held as on 31st March (at cost)	-	185.55

**2. Remuneration to Key managerial personnel**

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Shri. D.K. Hota - Chairman and Managing Director	<b>47.10</b>	45.34
Shri. Aniruddh Kumar - Director (Rail & Metro) *	-	22.46
Shri. B R Viswanatha - Director (Mining & Construction)	<b>39.99</b>	38.40
Shri. R H Muralidhara - Director (Defence)	<b>38.92</b>	37.67
Shri. Suraj Prakash - Director (Finance) *	<b>32.04</b>	-
Shri. Suresh S. Vastrad - Director (Rail & Metro) *	<b>12.19</b>	-
Shri. S V Ravi Sekhar Rao - Company Secretary	<b>16.02</b>	19.45

(\* For part of the year.)

**3. Details of remuneration of key managerial personnel comprises the following:** (₹ in Lakhs)

Shri. D.K. Hota - Chairman and Managing Director	31 March 2019	31 March 2018
Short-term benefits	40.76	41.04
Post-employment benefits	1.66	1.43
Other long-term benefits	4.68	2.87
Termination benefits	-	-
Shri. Aniruddh Kumar - Director (Rail & Metro) *	31 March 2019	31 March 2018
Short-term benefits	-	22.46
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Shri. B R Viswanatha - Director (Mining & Construction)	31 March 2019	31 March 2018
Short-term benefits	<b>33.33</b>	34.51
Post-employment benefits	<b>1.32</b>	1.13
Other long-term benefits	<b>5.34</b>	2.75
Termination benefits	-	-
Shri. R H Muralidhara - Director (Defence)	31 March 2019	31 March 2018
Short-term benefits	<b>34.54</b>	35.13
Post-employment benefits	<b>1.46</b>	1.25
Other long-term benefits	<b>2.92</b>	1.28
Termination benefits	-	-
Shri. Suraj Prakash - Director (Finance) *	31 March 2019	31 March 2018
Short-term benefits	<b>29.16</b>	-
Post-employment benefits	<b>1.25</b>	-
Other long-term benefits	<b>1.63</b>	-
Termination benefits	-	-
Shri. Suresh S. Vastrad - Director (Rail & Metro) *	31 March 2019	31 March 2018
Short-term benefits	<b>11.16</b>	-
Post-employment benefits	<b>0.38</b>	-
Other long-term benefits	<b>0.65</b>	-
Termination benefits	-	-

(₹ in Lakhs)

<b>Shri. S V Ravi Sekhar Rao - Company Secretary</b>	<b>31 March 2019</b>	31 March 2018
Short-term benefits	<b>13.94</b>	17.68
Post-employment benefits	<b>0.86</b>	0.74
Other long-term benefits	<b>1.22</b>	1.03
Termination benefits	-	-
<b>Total</b>	<b>31 March 2019</b>	31 March 2018
Short-term benefits	<b>162.89</b>	150.82
Post-employment benefits	<b>6.93</b>	4.55
Other long-term benefits	<b>16.44</b>	7.93
Termination benefits	-	-

\* For part of the year.

4. Considering the wide scope of the definition of Related Party under section 2(76); Relative under section 2(77) and Key Managerial Personnel under section 2(51) of Companies Act, 2013 and the requirement under Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the disclosure with respect to Related Party transactions has been restricted to Subsidiary / Joint Venture / Associate companies and to any other Related Party as declared by Directors and Key Managerial Personnel. Accordingly, the compliance with Related Party Transactions under section 188, Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been made to the extent data is available with the Company.

#### **D. Contingent liabilities & Commitments**

##### **I. Contingent liabilities**

- a. Claims against the Company not acknowledged as debts
  - i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT etc.)- ₹46384.23 Lakhs (Previous Year - ₹65903.17 Lakhs).
  - ii Other claims - legal cases etc. ₹17262.44 Lakhs (Previous Year - ₹20794.59 Lakhs).

##### **b. Guarantees**

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

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

##### **II. Commitments**

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹1526.82 Lakhs (Previous Year - ₹5249.93 Lakhs)
- b. Uncalled liability on shares and other investments partly paid - ₹Nil (Previous Year - ₹Nil).
- c. Other commitments (specify nature) - ₹Nil (Previous Year - ₹Nil).

##### **NOTES**

1. The Company does not expect any cash outflow in respect of above contingent Liabilities.
2. It is not practicable to estimate the timing of cash flows, if any, in respect of matters referred in I (a) above pending resolutions of the arbitration / appellate proceedings.
3. The cash flow in respect of matters referred to in I (b) above is generally expected to occur within 3 years. However, the matter is under adjudication before DRT.

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

Particulars	31 March 2019	31 March 2018
Revenue Expenditure*	<b>6,424.71</b>	9,304.57
Capital Expenditure**	<b>647.36</b>	899.75

\* 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 2019	For the Year ended 31st March 2018
Material Cost	<b>295.52</b>	353.24
Employee Remuneration	<b>4,117.84</b>	3,936.19
Depreciation	<b>1,122.93</b>	1,046.62
Power and Fuel	<b>48.17</b>	95.16
Repairs and Maintenance	<b>13.20</b>	19.03
Consumable Tools	<b>0.48</b>	16.33
Travelling	<b>126.54</b>	155.39
Other Expenses	<b>1,400.86</b>	721.79
Payment to Technology Providers	-	-
Prototype held in WIP	<b>422.10</b>	58.31
Prototype held in FGI	-	-
Cost of Sales of Prototype sold	-	3,949.13
<b>Total R&amp;D Revenue Expenditure</b>	<b>7,547.64</b>	10,351.19
Less: Depreciation	<b>1,122.93</b>	1,046.62
<b>Net R &amp; D Expenditure</b>	<b>6,424.71</b>	9,304.57
Sale value of prototype sold - included in net Sales	<b>0.00</b>	4,648.58

\*\* The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2019 is as below.

**b. Research & Development Capital Expenditure**

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated depreciation, amortisation and impairment				Net Carrying value	
	As at 01.04.2018	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 01.04.2018	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>Property, Plant and Equipment</b>										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Lease Hold	-	-	-	-	-	-	-	-	-	-
Buildings	109.33	-	-	109.33	37.82	12.12	-	49.94	59.39	71.51
Plant and Equipment	792.75	324.26	-	1,117.01	251.25	130.36	-	381.61	735.40	541.50
Furniture & Fixtures	93.94	18.91	-	112.85	46.17	11.88	-	58.05	54.80	47.77
Vehicles										
Given on Lease	10.31	0.63	82.60	93.54	(21.29)	13.81	62.37	54.89	38.65	31.60
Own Use	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Roads & Drains	1.64	-	-	1.64	0.21	0.86	-	1.07	0.57	1.43
Water Supply Installations	0.12	-	-	0.12	0.01	0.01	-	0.02	0.10	0.11
Electrical Installation	63.20	41.30	-	104.50	23.81	8.71	-	32.52	71.98	39.39
Computers and Data processing units	734.36	25.62	(1.85)	758.13	465.20	65.83	(1.86)	529.17	228.96	269.16
<b>Intangible Assets</b>										
Software	1,717.72	236.64	-	1,954.36	647.92	321.49	-	969.41	984.95	1,069.80
Technical Knowhow	5,755.91	-	-	5,755.91	1,785.75	557.86	-	2,343.61	3,412.30	3,970.16
<b>Total</b>	<b>9,282.57</b>	<b>647.36</b>	<b>80.75</b>	<b>10,010.68</b>	<b>3,236.85</b>	<b>1,122.93</b>	<b>60.51</b>	<b>4,420.29</b>	<b>5,590.39</b>	<b>6,045.72</b>
Previous Year	3,719.70	899.75	4,663.12	9,282.57	1,954.31	1,046.62	235.92	3,236.85	6,045.72	1,765.39

**F. Ind AS 108 (Operating Segments)**

Vide Notification No. GSR 463(E) dated 05-06-2015 (Serial no. 8) issued by Ministry of Corporate Affairs, exempted companies engaged in Defence Production from segmental disclosure as required under Ind AS 108 (Operating Segments), accordingly the disclosure requirements under Ind AS 108 has not been made.

**G. Advances, Balances with government departments, Trade Payables and receivables, Other loans and advances and deposits**

classified under non current and current are subject to confirmation and reconciliation. There are certain old balances pending review / adjustment. The management does not expect any significant impact upon such reconciliation.

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

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

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

(₹ in Lakhs)

Particulars	Amount as on		Maximum amount outstanding during the year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>i. Loans and Advances in the nature of loans:</b>				
A. To Subsidiary Companies	-	-	-	-
B. To Associates / Joint Venture	-	-	-	-
C. To Firms / Companies in which directors are interested	-	-	-	-
D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act, 2013	-	-	-	-
<b>ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries</b>	-	-	-	-

**J. Ind AS 17 - Leases**

**a) The Company as a lessee**

The Company's significant leasing arrangements are in respect of operating leases and in respect of its leased office premises. These lease arrangements, run for a period of 3 Years to 10 Years and are generally renewable by mutual consent.

Future minimum lease payments under non-cancellable operating leases are summarised below:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Not later than one year	<b>58.13</b>	63.16
Later than one year but not later than five years	<b>244.34</b>	230.38
Later than five years	<b>1,551.90</b>	1,523.23
<b>Total operating lease commitments</b>	<b>1,854.37</b>	1,816.77

## b) The Company as a lessor

The Company provides cars to employees who are eligible and enroll into such a scheme after completion of a specific period of service. Such leases are non-cancellable in nature and have been classified as operating leases.

Below are the details of carrying amounts of such vehicles recorded as property, plant and equipment:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Carrying value of assets	<b>466.75</b>	376.57
Accumulated depreciation	<b>110.59</b>	135.36
Depreciation expense during the year	<b>59.45</b>	71.34

Future minimum lease receipts under non-cancellable operating leases in respect of leased cars are summarised below:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Not later than one year	<b>50.09</b>	39.49
Later than one year but not later than five years	<b>213.09</b>	132.30
Later than five years	<b>63.28</b>	80.58
<b>Total operating lease commitments</b>	<b>326.46</b>	252.37

## c) Lease income and expenditure

The gross amounts of operating lease income and expenditure recognised in profit or loss is as below.

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Lease income	<b>56.07</b>	66.56
Lease expenses	<b>413.77</b>	490.25

**K. Fair values and measurement principles**

**a) The carrying value and fair value of financial instruments by category are as follows:**

(₹ in Lakhs)

Particulars	31 March 2019		31 March 2018	
	Carrying amounts		Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
<b>Financial assets measured at fair value:</b>				
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial assets not measured at fair value:</b>				
Loans	-	826.34	-	1,677.39
Trade receivables	-	161,304.66	-	165,080.63
Cash and cash equivalents	-	2,236.96	-	164.35
Other financial assets	-	691.66	-	689.68
	-	165,059.62	-	167,612.05
<b>Financial liabilities measured at fair value:</b>				
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>				
Borrowings	-	40,047.57	-	43,915.18
Trade payables	-	76,209.07	-	53,507.48
Other financial liabilities	-	3,891.99	-	2,724.72
	-	120,148.63	-	100,147.38

\* The Company has not disclosed the fair values for financial instruments, because their carrying amounts are a reasonable approximation of fair value.

**b)** The following table shows the fair values of assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company's use of quoted market prices (Level 1), valuation model using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

(₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Financial liabilities measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-

- c) Measurement of fair values  
Valuation techniques and significant unobservable inputs:

Particulars	Valuation technique	Significant unobservable inputs
Forward exchange contracts	The fair values is determined using unquoted forward exchange rates at the reporting date.	Not applicable

- d) Transfers between the fair value hierarchy  
There were no transfers in either direction in the fair value hierarchy during the year 2018-19.

#### L. Financial risk management

The Company is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments.

The Company's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. Treasury Management Team in the company take appropriate steps to mitigate financial risks within the framework set by the top management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. Company do not trade in derivatives for speculation.

##### (i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

The Company regularly follow up the receivable to minimise losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments

and other relevant factors. Deposits and cash balances are placed with reputable scheduled banks.

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

##### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. Major Customers of the company are from Government Sector and Public Sector Companies, where credit risk is relatively low.

The management has established a system under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables based on factual information as on the Balance sheet date.

The maximum exposure to credit risk for trade receivables by geographic region was as follows: (₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
India	159,909.96	164,616.64
Other regions	1,394.70	463.99
<b>Total trade receivables</b>	<b>161,304.66</b>	<b>165,080.63</b>

As at 31 March 2019, the Company's most significant customer, accounted for ₹21355.43 Lakhs of the trade receivables carrying amount (Previous Year - ₹6723.72 Lakhs)

The movement in the loss allowance for impairment of trade receivables are disclosed in Note No. 14

Any past due from Government Customers and those fully covered by guarantees or collaterals received are not tested for impairment.

The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables.

The Company has not received any collaterals for receivables as at reporting date.

The impairment loss allowance at 31 March 2019 related to several customers that have indication that they may not pay their outstanding balances. The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on the fact that major customers are Government department, PSUs and historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is maintained at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally by forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and to comply with loan covenants.

To ensure continuity of funding, the Company primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements needs. The Company has also availed various non-current facilities in the form of secured redeemable debentures, secured term loans, inter-corporate loans against the Company's guarantee and soft loans from the Government for expansion projects and construction and development of capital assets.

**Exposure to liquidity risk**

The table below details the Company's remaining contractual maturity for its financial liabilities and derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities and derivative financial liabilities based on the earliest date on which the Company can be required to pay.

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 years or more		
<b>31 March 2019</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	30,296.68	-	-	30,296.68
Current Borrowings	9,750.89	-	-	-	9,750.89
Trade payables	76,209.07	-	-	-	76,209.07
Other financial liabilities	3,891.99	-	-	-	3,891.99
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>89,851.95</b>	<b>30,296.68</b>	<b>-</b>	<b>-</b>	<b>120,148.63</b>

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 years or more		
<b>31 March 2018</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	30,448.53	-	-	30,448.53
Current Borrowings	13,466.65	-	-	-	13,466.65
Trade payables	53,507.48	-	-	-	53,507.48
Other financial liabilities	2,724.72	-	-	-	2,724.72
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>69,698.85</b>	<b>30,448.53</b>	-	-	<b>100,147.38</b>

**(iii) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity / commodity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Company enters into forward derivative contracts to manage risks of loss arising due to foreign exchange exposure. During the year ended 31 March 2019, there was no change to the manner in which the Company managed or measured market risk.

**(iv) Currency risk**

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Company's future cash flows and profitability in the ordinary course of business. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities from procuring or selling in foreign currencies and obtaining finance in foreign currencies.

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

The Company does not use derivative financial instruments for trading or speculative purposes. Following is the information on derivative financial instruments to hedge the foreign exchange rate risk as on dates are as below:

**31 March 2019**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy/Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

**31 March 2018**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

**Exposure to currency risk**

(₹ in Lakhs)

The currency profile of financial assets and financial liabilities as on date are as below:

Particulars	INR	USD	EURO	JPY	BRL	GBP	SGD	CHF	ZAR
<b>31 March 2019</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	183.32	-	1,275.69	777.95	-	-	-	-	-
Current investments	-	-	-	-	-	-	-	-	-
Trade receivables	159,909.96	1,181.38	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	56,607.08	13,634.88	2,206.53	3,064.18	-	647.72	2.31	28.02	18.35
Other current financial liabilities	3,848.48	-	-	-	-	1.91	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>99,637.72</b>	<b>(12,453.50)</b>	<b>(717.52)</b>	<b>(2,286.23)</b>	<b>-</b>	<b>(649.63)</b>	<b>(2.31)</b>	<b>(28.02)</b>	<b>(18.35)</b>
<b>31 March 2018</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	120.99	-	43.34	0.02	-	-	-	-	-
Current investments	-	-	-	-	43.68	-	-	-	-
Trade receivables	164,616.64	250.67	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	46,494.71	1,759.13	2,115.94	1,644.48	42.55	1430.41	2.25	1.95	16.06
Other current financial liabilities	2,681.21	-	-	-	-	1.91	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>115,561.71</b>	<b>(1,508.46)</b>	<b>(1,859.28)</b>	<b>(1,644.46)</b>	<b>1.13</b>	<b>(1,432.32)</b>	<b>(2.25)</b>	<b>(1.95)</b>	<b>(16.06)</b>

The following significant exchange rates have been applied during the year.

(values in ₹)

Particulars	Average rate		Year-end spot rate	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD	-	-	<b>69.7700</b>	65.7300
EUR	-	-	<b>78.8400</b>	81.3400
JPY	-	-	<b>0.6343</b>	0.6192
GBP	-	-	<b>91.7500</b>	92.8400

## Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars, Euro, Japanese Yen, the Pound and other currencies at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in a foreign currency and affected

equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2019</b>				
<b>1% movement</b>				
USD	124.54	(124.54)	81.02	(81.02)
EUR	7.18	(7.18)	4.67	(4.67)
JPY	22.86	(22.86)	14.87	(14.87)
BRL	-	-	-	-
GBP	6.50	(6.50)	4.23	(4.23)
SGD	0.02	(0.02)	0.02	(0.02)
CHF	0.28	(0.28)	0.18	(0.18)
ZAR	0.18	(0.18)	0.12	(0.12)
<b>31 March 2018</b>				
<b>1% movement</b>				
USD	15.08	(15.08)	9.86	(9.86)
EUR	18.59	(18.59)	12.16	(12.16)
JPY	16.44	(16.44)	10.75	(10.75)
BRL	(0.01)	0.01	(0.01)	0.01
GBP	14.32	(14.32)	9.37	(9.37)
SGD	0.02	(0.02)	0.01	(0.01)
CHF	0.02	(0.02)	0.01	(0.01)
ZAR	0.16	(0.16)	0.11	(0.11)

### (v) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

### Exposure to interest rate risk

The Company's interest rate risk arises from borrowings and loans made. Borrowings availed at fixed rates expose the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in Lakhs)

Particulars	Carrying amount	
	31 March 2019	31 March 2018
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	<b>(30,000.00)</b>	(30,000.00)
	<b>(30,000.00)</b>	(30,000.00)
<b>Variable-rate instruments</b>		
Financial assets	<b>817.28</b>	1,634.55
Financial liabilities	-	-
	<b>817.28</b>	1,634.55

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 March 2019</b>				
Financial assets	70.76	(70.76)	46.04	(46.04)
Financial liabilities	-	-	-	-
Total Variable-rate instruments	70.76	(70.76)	46.04	(46.04)
<b>Cash flow sensitivity (net)</b>	70.76	(70.76)	46.04	(46.04)
<b>31 March 2018</b>				
Financial assets	146.60	(146.60)	95.86	(95.86)
Financial liabilities	-	-	-	-
Total Variable-rate instruments	146.60	(146.60)	95.86	(95.86)
<b>Cash flow sensitivity (net)</b>	146.60	(146.60)	95.86	(95.86)

**(vi) Equity and commodity price risk**

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Company has no exposure to changes in the quoted equity securities price risk as it has investments in unquoted equity instruments only. The Company does not invest in commodities and is not exposed to commodity price risk.

## M. Capital Management

The Company strives is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns and levels of borrowings and the advantages and security afforded by a sound capital position.

**The Company's adjusted net debt to equity ratio is as follows.**

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Total borrowings <sup>1</sup>	<b>40,195.91</b>	44,521.38
Less: Cash and bank balances <sup>2</sup>	<b>(257.93)</b>	(164.35)
Adjusted net debt	<b>39,937.98</b>	44,357.03
Total equity	<b>218,724.67</b>	220,023.70
Less: Other components of equity	<b>(7,501.44)</b>	(7,501.44)
Adjusted equity	<b>211,223.23</b>	212,522.26
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.19</b>	0.21

<sup>1</sup> Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities.

<sup>2</sup> Cash and bank balances comprises of cash in hand, cash at bank and term deposits with banks excluding consortium member balances in ESCROW account, as disclosed under Note 15 (b).

## N. Derivatives

### Derivatives not designated as hedging instruments

The Company uses foreign currency forward contracts to manage its exposure to foreign currency fluctuations. These forward contracts are used to hedge foreign currency payables and other future transactions. However, these foreign exchange forward contracts are not designated as qualifying hedge instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, and are generally for a term of 3 months to 12 months.

The Company has following outstanding forward contracts as on

31 March 2019: JPY Nil (INR Nil) [Previous Year - JPY Nil (INR Nil)]

31 March 2019: EUR Nil (INR Nil) [Previous Year - EUR Nil (INR Nil)]

31 March 2019: USD Nil (INR Nil) [Previous Year: USD Nil (INR Nil)]

The fair value of foreign currency forward derivative is as below:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
	INR	INR
<b>Derivative assets</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-
<b>Derivative liabilities</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-

The Company has unhedged foreign currency exposure of ₹20610.15 Lakhs (Previous Year - ₹10014.78 Lakhs) for payables as at reporting date.

The Company has applied the principles of Ind AS 109 for the measurement of derivative financial instruments and has classified such derivative contracts as at fair value through profit or loss.

- . On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the following IND AS amendment vide the Companies (Indian Accounting Standards) Amendment Rules, 2019. The amendment is applicable from 1st April, 2019.

## **1 IND AS 116**

### **LEASES**

The core principle of the new standard is for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity.

The company is evaluating the effect of this on Financial Statements, and impact thereof not yet ascertained.

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As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. M. GOPINATH**

Partner

Membership No.: 023819

Place : Bengaluru

Date : 25-05-2019

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

**S V RAVI SEKHAR RAO**

Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the members of **BEML LIMITED**

### Report on the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of **BEML LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2019 and its **PROFIT**, change in equity and its cash flows for the year ended on that date.

#### Basis for Opinion:

3. We conducted our audit in accordance with the Standards on Auditing [SAs] specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the audit of financial statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled

our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter:

4. We draw our attention to:
  - a) Note No.14 in respect of Trade receivable from MOD Rs. 4,899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The realization of these receivables depends on the final determination of the amount payable by MOD.
  - b) Note No.11 (a) in respect of the amount advanced to MAMC consortium for Rs.5,851.03 lakhs, realization/settlement of which depends on approval from Ministry of Defence and viable business plan.
  - c) Note No. 39(G) regarding pending confirmation, reconciliation, review/adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.

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

#### Key Audit Matters:

5. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl.No	Key Audit Matters	Auditor's Response
a.	<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p><i>Refer Note 30 to the Standalone Financial Statements</i></p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>◆ Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>◆ Compared these performance obligations with that identified and recorded by the Company.</li> <li>◆ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>◆ In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.</li> <li>◆ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>◆ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>◆ We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul> </li> </ul>

Sl.No	Key Audit Matters	Auditor's Response
b.	<p><b>Recoverability and assessment of Trade Receivables, advances, balances with government departments</b></p> <p>The Company has net trade receivable (Note No.14) of Rs. 161,304.66 lakhs after providing for impairment of Rs. 19,003.07 lakhs and net Advances &amp; balances with Government Departments (Note No. 18) of Rs. 12,827.27 lakhs after providing for impairment of Rs. 9,575.30 lakhs</p> <p>Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of (i) Earth Moving equipment (ii) Rail &amp; Metro Products (iii) Defence products (iv) spares and services (v) Advance to Vendors and (vi) Duties and taxes etc.</p> <p>These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realisable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>• Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis.</li> <li>• Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed.</li> <li>• Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and latest correspondence with customers and to consider if any additional provision should be made; and</li> <li>• Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.</li> </ul> <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p> <p>We have drawn attention in Emphasis of Matters on trade receivables, advances and balances with government departments which, in our judgement, are fundamental to the users' understanding of the financial statements.</p>
c.	<p><b>Disputes and potential litigations:</b></p> <p><i>Refer to Note 39.D.I.a.i. in the standalone financial statements</i></p> <p>The Company is involved in legal proceedings on disputed tax demands. The company's management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands.</p> <p>Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes. We verified the demands with extracts of concerned web-portals produced on, sample basis.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements:**

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements the Board of Directors is responsible for assessing

the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements:**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Report on other Legal and Regulatory Requirements**

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-A** a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement dealt

with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) Being a Government Company provisions of section 164(2) of the Act relating to disqualification of directors are not applicable.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company's financial statements and the operating effectiveness of such controls, refer to our separate Report in **Annexure-B**.
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us;

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 39(D)(I)(a)(ii) of standalone financial statements.
  - ii. The Company did not have any derivative contracts but have provided material foreseeable losses of Rs.1,123.57 Lakhs for onerous contracts (*Refer Note 37*).
  - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
13. As required by Section 143(5) of the Act, which is applicable to the Company, we give our separate report in **Annexure-C**.

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Regn No: 001541S

**M.GOPINATH-Partner,**  
Membership No. 023819

Place: Bengaluru (camp)  
Date: 25.05.2019

**ANNEXURE-A**

**Referred in paragraph 11 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2019**

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and as informed to us, no material discrepancies have been noticed between the book records and physical verification of fixed assets.
- (c) The title deeds of immovable properties are held in the name of the company except in the following cases.
  - 1) As explained to us, Building costing Rs. 33.00 lakhs (carrying value Rs.15.86 lakhs) situated at Mumbai and Ranchi are pending for registration / khatha transfer.
  - 2) As explained to us, Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
  - 3) As explained to us, free hold land measuring 560 acres at Mysore costing Rs. 307.58 lakhs (including additional compensation of Rs. 183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
  - 4) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted Leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs. 2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
- 5) As explained to us, the Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s.Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs ( with carrying value of Rs.948.61 Lakhs) on Buildings included in Property, Plant and Equipment (Note 3) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.
- 6) As explained to us, the Company has taken action to obtain title documents in respect of the following immovable properties;
  - a) Flat at Roshan Complex Madras – Rs. 4.04 lakhs
  - b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs

- c) Office building at Nagpur - Rs. 27.18 lakhs
  - d) Lease Hold Land at Singrauli - Rs. 1.75 lakhs.
- 7) The Company has initiated legal action to obtain possession of 1.88 acres of land out of 5 acres at Tatisileai, Arra Village, Ranchi.
- ii) The company has conducted the physical verification of the inventory excluding materials lying with third parties and work in progress during the year in accordance with programme designed to cover all items over a phased manner. According to the information and explanation given to us and in our opinion the frequency of physical verification is reasonable. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
  - iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) (b) and (c) of the Order are not applicable to the Company.
- iv) There are no transactions of loans to directors, and being a Government Company engaged in defence production, provisions of Sec 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security are not applicable.
  - v) The Company has not accepted any deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under and also the directions issued by the Reserve Bank of India.
  - vi) Maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. We are of the opinion that prima facie, the prescribed records have been made and maintained.
  - vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) The details of dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, is furnished below :-

<b>Name Of The Statute</b>	<b>Nature Of Disputed Tax</b>	<b>Amount (Rs. Lakhs)</b>	<b>Period To Which The Amount Relates</b>	<b>Forum Where The Dispute Is Pending</b>
Central Excise Act, 1944	Excise Duty incl. Interest and Penalty	28,761.75	2003-04 to June 2017	CESTAT, Bangalore
	Excise Duty incl. Interest and Penalty	735.55	2005-06 to 2006-07	Appellate Authority
	National Calamity Contingency Duty	1,193.30	2014-15	CESTAT
	<b>Total Excise Duty</b>	<b>30,690.60</b>		
Service Tax Act, 1994	Service Tax including penalty	1,352.25	2004-05, 2006-07, 2010-11 & Feb 2014 to March 2015	CESTAT, Bangalore
	Service Tax	2,112.24	2006-07 to 2016-17	Appellate Authority
	<b>Total Service Tax</b>	<b>3,464.49</b>		
The Customs Act, 1962	Customs Duty	2,126.30	2006-07	CESTAT, Chennai
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	706.11	2012	City Municipality council - KGF
	Property Tax	109.11	1995-96 to 2005-06	City Civil Judge, Bangalore
	<b>Total ED, Service Tax, CD &amp; Property tax</b>	<b>37,096.61</b>		
Sales Tax Act of Various States	Sales Tax /VAT	10.24	2003-04	Maharashtra Sales Tax tribunal
	Sales Tax /VAT	6,631.33	December 2005 to March 2008 & 2008-09, 2009-10,2010-11	Karnataka Sales Tax tribunal
	Sales Tax /VAT	604.32	1999-00, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2009-10	Revision & Appellate Board of Various States
	Sales Tax /VAT	2,041.73	From 1983-84 to 2012-13	Other appellate authorities
	<b>Total Sales Tax / VAT</b>	<b>9,287.62</b>		
	<b>Grand Total</b>	<b>46,384.23</b>		
Amount Deposited under Protest	Central Excise/ Customs	146.57		
Amount Deposited under Protest	Sales Tax VAT	2,867.60		
	<b>TOTAL</b>	<b>3,014.17</b>		

- viii) The Company has not defaulted in repayment of loans or borrowings due to financial institutions, banks, Government and to debenture holders.
- ix) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Being a Government company, the provisions of sec 197 read with schedule V to the Act, relating to the managerial remuneration are not applicable.
- xii) The Company is not a Nidhi Company and accordingly paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii) All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed under Note 39C in the standalone financial Statements as required by the applicable Accounting Standards.
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and accordingly paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv) The company has not entered into any non-cash transactions with directors or persons connected with him and accordingly paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly paragraph 3 (xvi) of the Order is not applicable to the Company.

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Regn No: 001541S

**M.GOPINATH-Partner,**  
Membership No. 023819

Place: Bengaluru (camp)  
Date: 25.05.2019

**ANNEXURE-B**

**Referred in clause (f), paragraph 12 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2019**

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

We have audited the internal financial controls over financial reporting of **M/s. BEML LIMITED** (hereinafter referred as "**the Company**") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

Place: Bengaluru (camp)  
Date: 25.05.2019

### **Opinion:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Regn No: 001541S

**M.GOPINATH-Partner,**  
Membership No. 023819

**ANNEXURE -C**

**Referred in paragraph 13 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2019**

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

- I. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Comment: Yes, the company has system in place to process all the accounting transactions through IT system. We observed that no accounting transactions are processed outside IT system on the integrity of the accounts.

- II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Comment: There are no instances of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc made by a lender to the company due to company's inability to repay the loan.

- III. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Comment: The company, during the year of audit, has not received/receivable of funds for specific schemes from Central/State agencies.

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Regn No: 001541S

Place: Bengaluru (camp)  
Date: 25.05.2019

**M.GOPINATH-Partner,**  
Membership No. 023819



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

To  
Shri Deepak Kumar Hota,  
Chairman and Managing Director,  
M/s. BEML Limited,  
BEML Soudha, S.R. Nagar,  
Bangalore – 560 027.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2019.

I forward herewith revised **Comments** of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2019. This supersedes this office letter No. नि./बी.ई.एम.एल.लेखा.(2018-19)/2019-20/275 dated 26.07.2019.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and
- (iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication to the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,

  
(A. Subramaniyan)  
Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दूर.सं./Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491

## Addendum to Board's Report

<b>C &amp; AG comment</b>	<b>Company's Reply</b>
<p><b>COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF M/s BEML LIMITED FOR THE YEAR ENDED 31 MARCH 2019.</b></p> <p>The preparation of financial statements of <b>M/s. BEML Limited, Bengaluru</b> for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2019.</p> <p>I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of BEML Ltd. for the year ended 31 March 2019. 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.</p> <p>Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Companies Act, 2013 which have come to my attention and which in my view are necessary for enabling a better understanding of the Financial Statements and the related Audit Report:</p>	

## **A. Comments on Profitability**

### **Balance sheet**

#### **Assets - Trade receivables (Note No. 14):** **₹1613.05 crore**

The Company had supplied Tatra trucks to Bharat Electronics Limited, Bengaluru (BEL) and Bharat Dynamics Limited, Hyderabad (BDL). As per the contracts, Liquidated Damages (LD) was applicable on delayed/undelivered supplies. During the year 2015-16 and 2016-17 supplies have been made beyond the agreed delivery schedule and hence attracted LD to the extent of ₹18.79 crore.

In view of the above, suitable provision should have been made towards doubtful claims in the financial statements of the Company. Non-provision towards the same has resulted in overstatement of Trade receivables and profit of the Company to the extent of ₹18.79 crore.

#### **Claims for amount deducted towards Liquidated damages by BEL & BDL.**

The principal contract for supply of fully integrated Aakash system was placed by MoD on BDL.

BEML scope of work included only the supply of Tatra trucks to BEL & BDL who in turn were to supply the fully integrated system to MoD (end customer).

During March 2012, an extraordinary situation arose which resulted in investigation of Tatra Equipment followed by an imposition of embargo on BEML by MoD on the import of Tatra CKDs. This embargo on purchase of CKDs was lifted on 22.12.2014. Due to delay in delivery, BDL & BEL deducted Liquidated Damages (LD).

As per the terms of Purchase Order placed by BEL and BDL, if any Force Majeure circumstances arise, BEML shall be excused for non-fulfilment or for the delayed fulfilment of any of its contractual obligations. Force Majeure conditions include acts which are unanticipated or unforeseeable and not brought about at the instance of BEML, which has caused the non-performance or delayed performance.

The situation as mentioned in the above para falls under Force Majeure clause and would therefore not count as delay for the purpose of these contracts. Accordingly, matter has been taken up with BDL & BEL.

Accordingly, BDL being the main supplier has taken up the matter of LD waiver with MoD which is under active consideration.

Therefore, provision for the same is not considered necessary at this point of time.

<p><b>B. Comments on Disclosure</b></p> <p><b>Statement of Profit &amp; Loss</b></p> <p><b>Revenue from Operations (Note 30): ₹3481.06 crore</b></p> <p>Consequent on adoption of Ind AS 115 effective from 01.04.2018, revenue is stated to be recognized over time on the contracts in one of the segment of the Company, wherever transfer of control on goods/ services and performance obligation satisfied over time.</p> <p>Para 28 of Ind AS 8 stipulated that when initial application of Ind AS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of adjustment, or might have effect on future period, an entity shall inter alia disclose the amount of adjustment for each financial statement line item affected. The Profit of the Company for the period from continuing operation in one of the financial statement line items affected by implementation of Ind AS 115 and recognition of revenue over time in respect of contracts in one of the segments of the Company. The impact on the profit of the Company for the period increased by ₹149.89 crore which has not been disclosed in line with Ind AS 8 requirement.</p>	<p>All the disclosures as required by IND-AS 115 have been made under Note-30B – Revenue recognition in the Financial Statements.</p> <p>Further, as per the Ministry of Corporate Affairs Notification No: 463(E) dated 5th June 2015 and amendments effected from time to time, Sl.No: 8 – Chapter IX – Section 129, the Companies engaged in Defence Production have been exempted from the requirement of Segment Reporting in Public Interest.</p> <p>Hence, in view of the disclosures already made under Ind-AS 115, further disclosure under Ind AS 8 is not required.</p>
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For and on behalf of the  
Comptroller & Auditor General of India

*Sd/-*  
(Santosh Kumar)  
Principal Director of Commercial Audit

Place: Bengaluru  
Date: 23 August 2019

For and on behalf of the  
Board of Directors

*Sd/-*  
(D K Hota)  
Chairman & Managing Director

Place: Bengaluru  
Date: 26 August 2019

## CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

### Note no. 1: Corporate Information :

The accompanying consolidated financial statements comprise of the financial statements of BEML Limited (the Company), its subsidiaries viz., Vignyan Industries Ltd, MAMC Industries Ltd and BEML Brazil Industrial Ltda (referred collectively as the 'Group') and the Groups interest in associates and Joint ventures for the year ended 31 March 2019. The Group manufactures and supplies defence ground support equipment such as Tatra based high mobility trucks, aircraft towing tractors etc. Under Mining and Construction business, the Group manufactures and supplies equipment like bull dozers, excavators, dumpers, shovels, loaders and motor graders to various user segments and under Rail and Metro business, manufactures and supplies rail coaches, metro cars, ACEMUs, OHE cars, steel and aluminium wagons to the rail and metro sector. Information on other related party and nature of relationships of the Group is provided in Note 39C. These financial statements were authorised for issue in accordance with a resolution of the directors on 25-05-2019.

### Note no. 2: Consolidated Significant accounting policies

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

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

These financial statements for the year ended 31 March 2019 with comparatives of year ended 31 March 2018 are prepared in accordance with Ind AS.

- b. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
- Derivative financial instruments,
  - Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
  - Defined benefit and other long-term employee benefits obligations.

- c. The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Group and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.
- d. Preparation of the financial statements, in conformity with Ind AS, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates.
- e. Assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group's operating cycle is considered as twelve months for the purpose of current / non-current classification of assets and liabilities.
- f. The Group revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively. A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors result in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

#### **g. Basis of Consolidation:**

- (i) Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power

over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

- (ii) Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

- (iii) Equity accounted investees: The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

- (iv) Transactions eliminated on consolidation: Intra group balances and transactions and any unrealized income and expenses arising from intra group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## 2.2. Summary of consolidated significant accounting policies

### A. Revenue Recognition:

Sales is exclusive of GST.

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

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

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

- a. Revenue is recognised overtime where the transfer of control of goods or services takes place over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
  - the Group's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
  - the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
  - the Group's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.
- b. Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.
- c. For measurement of satisfaction of performance obligation over time, input cost method is adopted.

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

- a. In respect of cases where the transfer of control does not take place over time, the Group recognises the revenue at a point in time when it satisfies the performance obligations.
- b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:
  - the Group has transferred physical possession of the asset
  - the customer has legal title to the asset
  - the customer has accepted the asset
  - when the Group has a present right to payment for the asset
  - the Group has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco- terms of the contracts.
- c. Bill and hold Sales  
Bill and hold sales is recognised when all the following criteria are met:
  - the reason for the bill and hold sales is substantive
  - the product is identified separately as belonging to the customer
  - the product is currently ready for physical transfer to the customer
  - the Group does not have the ability to use the product or to direct it to another customer

### Escalation:

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

### Duty Drawback:

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

## Revenue from wind energy:

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

## Other Income

### (i) Interest income:

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

### (ii) Dividends:

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

### (iii) Rental income:

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

## B. Investments in associates and joint venture

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

## C. Foreign Currencies:

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

**D. Fair value measurement:**

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

**E. Discontinued operation:**

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

**F. Government Grants:**

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

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

**G. Income Taxes:****Current income tax:**

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

**Deferred tax:**

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

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

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

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

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

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

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

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

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

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

Expenditure incurred on Developmental Projects for participating in trials, based on Request from customers, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order does not forthcoming or on discontinuation of project, the balance amount will be either capitalised if further economic benefit is expected from its use or will be charged off.

#### **I. Investment Property:**

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

#### **J. Intangible Assets:**

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

#### **Amortization**

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

#### **K. Borrowing Cost:**

Borrowing costs directly attributable to creation of an asset are capitalized as part of the cost of the asset. General borrowing costs are capitalized by apportioning the same to qualifying assets.

#### **L. Lease:**

A lease is classified at the inception date as a finance lease or an operating lease.

##### **Group as a lessee:**

Finance leases are capitalized at lower of fair value and the present value of minimum lease payments. A leased asset is depreciated over useful life of the asset or lease term whichever is earlier.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where lease payments escalate in accordance with general inflation.

##### **Group as a lessor:**

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

#### **M. Inventory:**

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

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

Scrap is valued at estimated realizable value.

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

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

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

**O. Employee Benefits:**

**Short-term employee benefits:**

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

**Defined benefit plans:**

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

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

**Other long-term employee benefits:**

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

**Defined contribution plan:**

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

**P. Provisions:**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted.

Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

**Warranty provisions:**

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

**Onerous contracts:**

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

**Q. Financial Assets:**

**Recognition and measurement:**

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

**Embedded derivative:**

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

**Derecognition:**

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

**Trade and other receivables:**

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

**Cash and cash equivalents:**

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original

maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

**Impairment of financial assets:**

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

**R. Financial Liabilities:**

**Recognition and measurement:**

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

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

**Derecognition:**

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

**Trade and other payables:**

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

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

**Reclassification of financial Assets and Liabilities:**

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

**Offsetting of financial Assets and Liabilities:**

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

**T. Earnings per share:**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**U. Cash dividend and non-cash distribution to equity shareholders:**

The Group recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group.

**V. Events after the reporting period:**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. M. GOPINATH**

Partner

Membership No.: 023819

Place : Bengaluru

Date : 25-05-2019

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

**S V RAVI SEKHAR RAO**

Company Secretary

# **CONSOLIDATED FINANCIAL STATEMENT 2018-19**

## CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No	As at 31st March 2019	As at 31st March 2018
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3	<b>58,406.80</b>	54,255.18
(b) Capital work-in-progress	4	<b>2,545.06</b>	6,810.01
(c) Intangible assets	5	<b>4,681.36</b>	5,201.39
(d) Intangible assets under development	6	-	-
(e) Financial assets			
(i) Investments	7	<b>0.04</b>	0.04
(ii) Loans	8	<b>9.06</b>	859.11
(iii) Other financial assets	9	<b>50.75</b>	38.09
(f) Deferred tax assets (net)	10	<b>11,788.22</b>	13,848.79
(g) Other non-current assets	11	<b>6,274.86</b>	7,727.68
<b>Total non-current assets</b>		<b>83,756.15</b>	88,740.29
<b>(2) Current assets</b>			
(a) Inventories	12	<b>170,951.42</b>	180,720.96
(b) Financial Assets			
(i) Investments	13	-	-
(ii) Trade receivables	14	<b>161,396.29</b>	165,083.38
(iii) Contract Assets	14a	<b>48,916.36</b>	-
(iv) Cash and cash equivalents	15	<b>2,236.96</b>	208.51
(v) Bank Balance Other than (iv) above	15a	<b>905.98</b>	34.15
(vi) Loans	16	<b>817.28</b>	818.28
(vii) Other financial assets	17	<b>644.29</b>	651.59
(viii) Current tax assets (Net)	17a	<b>7,568.92</b>	4,309.20
(c) Other current assets	18	<b>24,045.35</b>	27,944.51
<b>Total current assets</b>		<b>417,482.85</b>	<b>379,770.58</b>
<b>Total Assets</b>		<b>501,239.00</b>	468,510.87
<b>II. Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	19	<b>4,177.22</b>	4,177.22
(b) Other Equity		<b>214,559.86</b>	215,933.69
<b>Equity attributable to equity holders of the parent</b>		<b>218,737.08</b>	220,110.91
<b>Non-controlling interests</b>		<b>19.80</b>	21.74
<b>Total Equity</b>		<b>218,756.88</b>	220,132.65
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	<b>30,296.68</b>	30,448.53
(ii) Other financial liabilities	21	<b>41.60</b>	41.60
(b) Provisions	22	<b>17,571.38</b>	16,636.98
(c) Other non-current liabilities	23	<b>33,346.48</b>	33,333.16
<b>Total non-current liabilities</b>		<b>81,256.14</b>	80,460.27
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	<b>9,917.27</b>	13,536.36
(ii) Trade payables	25		
(A) Micro & Small Enterprises		<b>2,574.35</b>	2,386.08
(B) Other than Micro & Small Enterprises		<b>74,123.13</b>	51,619.30
(iii) Other financial liabilities	26	<b>3,882.06</b>	2,712.49
(b) Other current liabilities	27	<b>75,836.36</b>	62,109.30
(c) Provisions	28	<b>30,924.66</b>	33,987.90
(d) Current tax liabilities (Net)	29	<b>3,968.15</b>	1,566.52
<b>Total current liabilities</b>		<b>201,225.98</b>	167,917.95
<b>Total Equity and Liabilities</b>		<b>501,239.00</b>	468,510.87

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statement.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. M. GOPINATH**  
Partner  
Membership No.: 023819  
Place : Bengaluru  
Date : 25-05-2019

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEKHAR RAO**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No	For the Year ended 31st March 2019	For the Year ended 31st March 2018
<b>I</b> Revenue from operations	30	<b>3,47,424.84</b>	329,870.62
<b>II</b> Other income	31	<b>2,323.83</b>	2,504.10
<b>III Total Income (I+II)</b>		<b>3,49,748.67</b>	332,374.72
<b>IV Expenses:</b>			
Cost of materials consumed	32	<b>1,95,062.91</b>	170,764.50
Purchase of stock-in-trade	33	-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	<b>1,651.73</b>	1,683.12
Employee benefits expense	35	<b>80,574.92</b>	81,324.40
Finance costs	36	<b>5,960.51</b>	4,832.24
Depreciation and amortization expense	3,5	<b>7,072.62</b>	6,539.17
Other expenses	37	<b>46,381.22</b>	50,825.16
<b>Total Expenses (IV)</b>		<b>3,36,703.91</b>	315,968.59
<b>V</b> Profit / (Loss) before exceptional items and tax (III-IV)		<b>13,044.76</b>	16,406.13
<b>VI</b> Add/ (Less) : Exceptional items	38	-	-
<b>VII Profit / (Loss) before tax (V-VI)</b>		<b>13,044.76</b>	16,406.13
<b>VIII Tax expense:</b>			
(1) Current tax	10 a	<b>4,668.04</b>	9,482.95
(2) MAT credit entitlement	10 a	-	(3,329.54)
(3) Deferred tax	10 a	<b>2,060.55</b>	(2,714.96)
<b>IX</b> Profit / (Loss) for the year from continuing operations (VII-VIII)		<b>6,316.17</b>	12,967.68
<b>X</b> Profit / (Loss) from discontinuing operations		-	-
<b>XI</b> Tax expense of discontinued operations		-	-
<b>XII</b> Profit / (Loss) from discontinued operations (after tax) (X-XI)		-	-
<b>XIII Profit / (Loss) for the year (IX+XII)</b>		<b>6,316.17</b>	12,967.68
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss Re-measurement of defined benefit (liability) / asset		<b>(2,053.79)</b>	(10,825.45)
(ii) Income tax relating to items that will not be reclassified to profit or loss	10 b	<b>709.35</b>	3,743.49
B (i) Items that will be reclassified to profit or loss Exchange differences on translation of foreign operations		-	(1.90)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income for the year</b>		<b>(1,344.44)</b>	(7,083.86)
<b>XV Total Comprehensive Income for the year (XIII+XIV)</b>		<b>4,971.73</b>	5,883.82
<b>Profit for the year</b>		<b>6,316.17</b>	12,967.68
Attributable to:			
Equity holders of the Group		<b>6,318.11</b>	12,966.86
Non-controlling interests		<b>(1.94)</b>	0.82
<b>Total Comprehensive Income for the year</b>		<b>4,971.73</b>	5,883.82
Attributable to:			
Equity holders of the Group		<b>4,973.67</b>	5,883.00
Non-controlling interests		<b>(1.94)</b>	0.82
<b>XVI Earnings per equity share: (₹10/- each) in ₹</b>			
Basic and diluted	39(A)	<b>15.17</b>	31.14

Note nos. 1 to 39 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the financial statement.

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. M. GOPINATH**

Partner

Membership No.: 023819

Place : Bengaluru

Date : 25-05-2019

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

**S V RAVI SEKHAH RAO**

Company Secretary

## CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019		For the Year ended 31st March 2018	
	Sub items	Main items	Sub items	Main items
<b>A. Cash flow from operating activities</b>				
Net profit before tax and extraordinary items		<b>13,044.76</b>		16,406.13
Adjustments for				
Depreciation and amortization expense	<b>7,072.62</b>		6,539.17	
(Gain)/loss on disposal of property, plant and equipment	<b>(5.43)</b>		(2.41)	
Foreign exchange loss / (gain)	<b>44.07</b>		141.63	
Allowance for obsolescence	<b>817.90</b>		774.99	
Bad debts written off	-		119.91	
Financing Cost	<b>5,960.51</b>		4,832.24	
Interest income	<b>(194.07)</b>		(336.77)	
Other Provisions / Allowances	<b>161.39</b>	<b>13,856.99</b>	8,132.45	20,201.21
<b>Operating Profit / (Loss) before changes in working capital</b>		<b>26,901.75</b>		36,607.34
Adjustment for				
Inventories	<b>8,226.01</b>		15,754.54	
Trade & other receivables	<b>(41,158.98)</b>		(20,245.71)	
Other current assets	<b>2,067.32</b>		5,540.24	
Trade payables	<b>22,648.03</b>		3,748.24	
Other payables	<b>9,472.30</b>	<b>1,254.66</b>	(26,853.62)	(22,056.31)
<b>Cash generated from operations</b>		<b>28,156.43</b>		14,551.03
Direct taxes (paid) / refunded		<b>(2,474.53)</b>		(1,577.43)
<b>Net cash flow from / (used in) operating activities</b>		<b>25,681.90</b>		12,973.60
<b>B. Cash flow from investing activities</b>				
Purchase of property, plant and equipment	<b>(6,060.84)</b>		(5,831.33)	
Purchase of intangible assets	<b>(408.70)</b>		(790.37)	
Sale of property, plant and equipment	<b>35.71</b>		97.41	
Sale of intangible assets	-		-	
Investments in subsidiaries	-		-	
Interest Received	<b>190.69</b>		336.77	
<b>Net cash flow from / (used in) investing activities</b>		<b>(6,243.14)</b>		(6,187.52)
<b>C. Cash flow from financing activities</b>				
Proceeds/(Repayments) from/to ECB & long-term borrowings	-		-	
Proceeds/(Repayments) of Inter corporate loans	-		(696.81)	
Proceeds/(Repayments) of Soft loan	<b>(609.71)</b>		(534.75)	
Financing Cost	<b>(5,962.19)</b>		(4,825.26)	
Adjustment in retained earnings	<b>(57.73)</b>			
Dividend & Tax paid for equity shares	<b>(6,289.76)</b>		(4,009.79)	
<b>Net cash flow from / (used in) financing activities</b>		<b>(12,919.39)</b>		(10,066.61)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,519.37</b>		(3,280.53)
<b>Cash and Cash Equivalents, Beginning of the year</b>		<b>(13,293.71)</b>		(10,013.17)
<b>Cash and Cash Equivalents, Ending of the year (Refer Note 15 d)</b>		<b>(6,774.33)</b>		(13,293.71)

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. M. GOPINATH**  
Partner  
Membership No.: 023819  
Place : Bengaluru  
Date : 25-05-2019

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEKSHAR RAO**  
Company Secretary

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2019

### A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares	Amount
Balance as on 01.04.2018	416,44,500	4,164.45
Changes in equity share capital during the year	-	-
<b>Balance as on 31.03.2019</b>	<b>416,44,500</b>	<b>4,164.45</b>

### B. Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus					Items of OCI		Nonimara Excellence Award Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Total attributable to Equity holders of the Group	Non-controlling interests	Total Equity
	Capital Reserve	Capital Reserve on Consolidation	Share Premium	General Reserve	Retained Earnings	Other items of OCI	Foreign Currency Translation Account						
<b>Balance as on 01.04.2018</b>	<b>105.82</b>	<b>26.60</b>	<b>61,204.09</b>	<b>118,997.02</b>	<b>37,443.43</b>	<b>(9,343.78)</b>	<b>(10.93)</b>	<b>1.44</b>	<b>10.00</b>	<b>7,500.00</b>	<b>215,933.69</b>	<b>21.74</b>	<b>215,955.43</b>
Less: Re-instatement Adjustment Impact of Ind AS 115 upto 31.03.2018	-	-	-	-	(54.08)	-	-	-	-	-	(54.08)	-	(54.08)
Profit / (Loss) for the year	-	-	-	-	6,318.11	-	-	-	-	-	6,318.11	(1.94)	6,316.17
Other Comprehensive Income for the year	-	-	-	-	-	(1,344.44)	-	-	-	-	(1,344.44)	-	(1,344.44)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,264.03</b>	<b>(1,344.44)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,919.59</b>	<b>(1.94)</b>	<b>4,917.65</b>
Transfer to - Debenture Redemption Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
- Retained earnings	-	-	-	(7.73)	(6.86)	-	-	-	-	-	(14.59)	-	(14.59)
Transaction with owners - Dividend	-	-	-	-	(3,345.51)	-	-	-	-	-	(3,345.51)	-	(3,345.51)
- Interim Dividend	-	-	-	-	(1,874.00)	-	-	-	-	-	(1,874.00)	-	(1,874.00)
- Tax on Dividend	-	-	-	-	(1,070.25)	-	-	-	-	-	(1,070.25)	-	(1,070.25)
<b>Balance as on 31.03.2019</b>	<b>105.82</b>	<b>26.60</b>	<b>61,204.09</b>	<b>118,989.29</b>	<b>37,410.84</b>	<b>(10,688.22)</b>	<b>-</b>	<b>1.44</b>	<b>10.00</b>	<b>7,500.00</b>	<b>214,559.86</b>	<b>19.80</b>	<b>214,525.58</b>

As per our report of even date attached

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. M. GOPINATH**

Partner

Membership No.: 023819

Place : Bengaluru

Date : 25-05-2019

For and on behalf of the Board of Directors

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

**S V RAVI SEKHAR RAO**

Company Secretary

### Note 3: Consolidated Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated depreciation and impairment				Net Carrying value	
	As at 01.04.2018	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 01.04.2018	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land										
Free Hold	1,286.25	-	-	1,286.25	-	-	0.01	0.01	1,286.24	1,286.25
Lease Hold	8,542.16	-	-	8,542.16	124.09	41.34	0.02	165.45	8,376.71	8,418.07
Buildings	15,421.41	138.98	(8.13)	15,552.26	2,179.45	628.55	(8.14)	2,799.69	12,752.57	13,241.96
Plant and Equipment	32,358.20	7,913.00	(259.80)	40,011.40	7,435.33	3,428.32	(254.40)	10,608.21	29,403.19	24,922.87
Furniture and Fixtures	520.12	115.39	(0.23)	635.28	284.37	64.39	(4.34)	344.27	291.01	235.75
Vehicles										
Given on Lease	376.57	195.72	(105.53)	466.75	135.36	59.45	(84.21)	110.59	356.16	241.21
Own Use	771.30	762.67	(8.77)	1,525.20	170.59	207.54	(8.64)	367.13	1,158.07	600.71
Office Equipment	293.17	170.36	(7.07)	456.05	136.01	59.13	(6.57)	201.94	254.11	157.16
Roads and Drains	1,639.27	18.18	-	1,657.45	882.59	268.33	0.12	1,150.92	506.53	756.68
Water Supply Installations	275.99	31.58	(29.95)	277.62	27.42	21.05	8.03	56.50	221.12	248.57
Railway sidings	875.58	10.82	-	886.40	287.38	88.18	-	375.56	510.84	588.20
Electrical Installation	2,138.98	191.89	11.27	2,342.14	671.31	258.05	(26.90)	902.46	1,439.68	1,467.67
Jigs and Fixtures	2,142.73	244.26	-	2,386.99	1,182.39	553.92	6.15	1,735.92	651.07	960.34
Special Tools	1,466.94	299.37	-	1,766.31	750.59	305.72	1.03	1,057.34	708.97	716.35
Computers and Data processing units	1,234.33	233.57	20.91	1,489.23	820.94	157.57	20.58	998.70	490.53	413.39
<b>Total Tangible Assets</b>	<b>69,343.00</b>	<b>10,325.79</b>	<b>(387.30)</b>	<b>79,281.49</b>	<b>15,087.82</b>	<b>6,141.54</b>	<b>(357.26)</b>	<b>20,874.69</b>	<b>58,406.80</b>	<b>54,255.18</b>
Previous Year	62,798.37	6,963.65	(419.03)	69,342.99	9,703.92	5,707.92	(324.03)	15,087.81	54,255.18	53,094.46

**A.** Carrying value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹1110.51 Lakhs (Previous Year - ₹346.77 Lakhs).

**B. Property, Plant and Equipment**

- i) Buildings include carrying value of building at Mumbai and Ranchi pending registration / katha transfer at ₹15.86 Lakhs (Previous Year - ₹16.40 Lakhs)
- ii) The Group has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) (A Company under orders of winding up by BIFR), and a sum of ₹100 Lakhs was paid as non-refundable deposit, (included under Other non-current assets (Note no.11)). As per the terms of the Lease agreement, this deposit shall be adjusted against the

outright sale/transfer of ownership that may be fixed for the property and lessee shall be free to construct new building/ alter the existing building/lay roads/fence the land in the interest of furthering its business to suit its use and on expiry of the lease the said building shall vest with the lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Group had incurred on the above land a sum of ₹1452.95 lakhs [carrying value - ₹948.61 Lakhs (Previous Year - ₹995.71 lakhs)] on Buildings included in Property, Plant and Equipment as at year end.

Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expiring on 28.04.2014 to be included in the tender documents. The Group filed an Interlocutory application before the

- Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiry of lease period on 28.04.2014 till the final decision of the Group / Government in this regard, the operations of the Group on the above land is continued. Appropriate accounting action will be considered based on the outcome of the tender process.
- iii) Lease hold Land includes leased land allotted by Kerala Industrial Infrastructure Development Corporation (KIIDC) measuring 374.59 acres for a lease premium of ₹2547.21 Lakhs (excluding Service Tax) (Previous Year - ₹2547.21 Lakhs excluding Service Tax) for 99 years lease period with effect from 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and the revised lease premium payable is ₹2544.29 Lakhs only. Adjustment in financial statement will be made on formal amendment of lease agreement by KIIDC.
- iv) Lease Hold Land includes land measuring 101175.92 Sq. Mtrs taken on perpetual lease from KIADB (Bangalore Aerospace, SEZ Park) at a cost of ₹5126.00 Lakhs (Previous Year - ₹5126.00 Lakhs).
- v) Lease Hold Land includes land at cost ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
- vi) No Provision considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying cost of these assets.
- vii) Free Hold Land includes land measuring 560 acres at Mysore costing ₹307.58 Lakhs (including additional compensation of ₹183.57 Lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB. As per the demand of KIADB, provision of interest amounting to ₹554.00 Lakhs (Previous Year - ₹531.52 Lakhs) up to period 31st March 2019 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB Board.
- viii) Free Hold Land measuring 3.647 acres of land, surrendered to BBMP against TDR (at cost) is ₹4.58 Lakhs. Free Hold Land measuring 1.937 acres of land surrendered to BBMP for which TDR yet to be received (at cost) is ₹2.43 Lakhs. Above TDR will be utilised for further construction.
- ix) Group has taken action to obtain title documents in respect of the following immovable properties.
- (1) Flat at Roshan comp, Madras - ₹4.04 Lakhs.
  - (2) Flat at Ashadeep, New Delhi - ₹2.80 Lakhs.
  - (3) Office building at Nagpur - ₹27.18 Lakhs.
  - (4) Lease Hold Land at Singrauli - ₹1.75 Lakhs.
- x) The Group has initiated legal action to obtain possession of 1.88 acres of Land out of 5 acres at Tatisilwai, Arra village, Ranchi.
- xi) For details of property, plant and equipment hypothecated by way of a first charge against borrowings and other facilities availed, refer Note no. 20 and 24
- xii) For information on estimated capital contracts pertaining to the acquisition of property, plant and equipment, refer Note no. 39 D II a.
- xiii) Lease Hold Land includes Land measuring 193.67 acres valuing ₹540.55 Lakhs (carrying value ₹484.99 Lakhs) taken on lease from Asansol Durgapur Development Authority, Durgapur for a period of 60 years.
- xiv) The land is taken on lease from urban development dept, Govt of West Bengal for a period of 60 (sixty) years on 7th March, 2011. This has been capitalised in the books of the Group. As per the stipulations mentioned in the said lease

deed in point no. 25 and subsequent clauses, the Group has not started the factory within two years w.e.f 07th March 2011, it is liable to return the possession of leased land back to U D Dept, Govt of West Bengal and there is open right of the Govt of West Bengal to cancel the lease and re-enter the premises so leased to the Group, If the objection is raised from the Government regarding the starting of the factory, then the company will have to surrender the Land, since it has already been more than 2 years of taking the possession. However there is no demand from Govt of West Bengal in this regard till date.

- xv) During the year, Group has cancelled the lease agreement entered with M/s Sharada Engineering Works Pvt Ltd and taken back the possession of leased land along with building constructed by M/s Sharada Engineering Works Pvt Ltd.

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

- Plant & Machinery ₹66.78 Lakhs

- D.** Since there is no investment property in the Group as on 31.03.2018, fair value of investment property is Nil (Previous Year - Nil)

**E. Change in Accounting Policies**

- i) Change in accounting policy in PPE as per para 2.2 H has been incorporated in respect of Special Tools, Jigs & Fixtures and Products given under No Cost No Commitment (NCNC). The Group does not envisage any financial impact in this regard.
- ii) Change in accounting policy in Intangible Assets as per para 2.2 J (v) has been incorporated and the Company does not envisage any financial impact in this regard.

**Note 4: Capital work-in-progress**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Building	218.54	134.82
Equipment under inspection and in transit	17.64	93.52
Machinery	2,140.08	6,412.87
Others	168.80	168.80
<b>Total</b>	<b>2,545.06</b>	<b>6,810.01</b>

**Note 5: Consolidated Intangible assets**

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated amortisation and impairment				Net Carrying value	
	As at 01.04.2018	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 01.04.2018	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Computer software	1,935.74	408.70	-	2,344.44	711.30	372.01	0.24	1,082.17	1,262.27	1,224.44
Technical Know how	5,755.91	-	-	5,755.91	1,785.97	559.07	-	2,343.83	3,412.08	3,969.94
TDR against Land	7.01	-	-	7.01	-	-	-	-	7.01	7.01
<b>Total Intangible Assets</b>	<b>7,698.66</b>	<b>408.70</b>	<b>-</b>	<b>8,107.36</b>	<b>2,497.27</b>	<b>931.08</b>	<b>0.24</b>	<b>3,426.00</b>	<b>4,681.36</b>	<b>5,201.39</b>
Previous Year	6,908.28	790.37	0.01	7,698.66	1,666.02	831.25	-	2,497.27	5,201.39	5,242.26

**Note 6: Intangible assets under development (internally generated)**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 7: Non-current Investments**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Investments in equity instruments - unquoted at cost</b>		
<b>In Equity Shares of Joint Venture Company:</b>		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each	<b>542.25</b>	542.25
Less: Allowance for impairment of investment	<b>(542.25)</b>	(542.25)
	-	-
<b>Investment in Ordinary Shares of Co-operative Societies - unquoted at cost</b>		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	<b>0.03</b>	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	<b>0.01</b>	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	-	-
	<b>0.04</b>	0.04
<b>Total - Unquoted at cost</b>	<b>0.04</b>	0.04

**Ind AS 28 (Investments in Associates and Joint Ventures)**

Names of Joint Ventures	Nature	% holding	Country of Incorporation
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

- a. BEML along with Midwest Granite Private Limited formed a joint venture company in 2007 to conduct excavation and extraction of mineral resources. The agreement was signed in September 2005 whereby BEML has a 45% share in the operations of the joint venture and the remaining 55% is held by Midwest Granite Private Limited.
- b. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2019 due to litigation pending before National Company Law Tribunal. Hence, disclosure requirements under Ind AS-28 (Investments in Associates and Joint Ventures) could not be complied with. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.
- c. The company had issued corporate guarantee to Bank for facilities extended to BEML Midwest Limited, for ₹1912.50 Lakhs. Since BEML Midwest Limited failed to pay, the Bank concerned invoked the corporate guarantee and claimed from the company. However the company has refused to pay the claim on the ground that the claim relating to forward contracts were entered into without the approval of board of BEML Midwest Limited and that the majority shareholder has misappropriated and acted beyond the mandate without complying with the terms and conditions specified by the Board of BEML Midwest Limited. The matter is pending before Debt Recovery Tribunal (DRT). The company does not envisage any cash outflow in this regard.

The movement in the allowance for impairment of investment is as follows:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Balance at the beginning of the year	542.25	542.25
Impairment losses recognised	-	-
Written off during the year	-	-
Credited to profit or loss	-	-
<b>Balance at the end of the year</b>	<b>542.25</b>	542.25

**Note 8: Non-Current - Loans**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured, considered good</b>		
Lease Deposits	9.06	41.84
Inter Corporate Loan	-	817.27
<b>Total</b>	<b>9.06</b>	859.11

Lease deposits represent deposits paid as security for office space and flats taken on rent.

Inter Corporate Loan balance as on 31.03.2019 represent outstanding loan to M/s JK Tyres Ltd. The loan carry interest at the rate of SBI PLR less 2.25%. Currently 11.55% (Previous Year 11.15%) and are unsecured from borrowers.

**Note 9: Non-current - Other financial assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposit with Customers	-	-
Deposit with service providers	50.75	38.09
<b>Total</b>	<b>50.75</b>	38.09

**Note 10: Income taxes**

The substantively enacted tax rate as on 31 March 2019 is 34.94% and as on 31 March 2018 was 34.61% for deferred tax purposes.

**a) Amount recognised in profit or loss**

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
<b>Current tax expense:</b>		
Current tax / Minimum alternate tax (MAT)	4,668.04	9,482.95
MAT credit entitlement	-	(3,329.54)
Adjustment of tax related to earlier years	-	-
	<b>4,668.04</b>	6,153.41
<b>Deferred tax (income)/expense:</b>		
Origination and reversal of temporary differences	2,060.55	(2,714.96)
<b>Total deferred tax (income)/expense</b>	<b>2,060.55</b>	(2,714.96)
<b>Tax expenses</b>	<b>6,728.59</b>	3,438.45

**b) Amount recognised in OCI**

(₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	Before Tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	(2,053.79)	709.35	(1,344.44)	(10,825.45)	3,743.49	(7,081.96)
<b>Total</b>	<b>(2,053.79)</b>	<b>709.35</b>	<b>(1,344.44)</b>	<b>(10,825.45)</b>	<b>3,743.49</b>	<b>(7,081.96)</b>

**c) Reconciliation of effective income tax rate**

(₹ in Lakhs)

Particulars	31 March 2019		31 March 2018	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		<b>13,044.76</b>		16,406.13
Tax using the Group's domestic tax rate (Income tax)	<b>34.94%</b>	<b>4,558.36</b>	34.61%	5,677.83
<b>Tax effect of:</b>				
Carry Forward Loss	<b>0.10%</b>	<b>13.35</b>	-7.33%	(1,203.26)
Weighted Deduction for R and D Expenditure	<b>-51.47%</b>	<b>(6,713.56)</b>	-27.27%	(4,474.57)
Non deductible expenses	<b>16.42%</b>	<b>2,141.85</b>	-	-
Minimum Alternate Tax	<b>35.78%</b>	<b>4,668.04</b>	57.80%	9,482.95
Tax incentive	<b>0.00%</b>	-	-	-
Deferred tax	<b>15.80%</b>	<b>2,060.55</b>	-36.84%	(6,044.50)
<b>Total income tax expense for the year</b>	<b>51.58%</b>	<b>6,728.59</b>	20.96%	3,438.45

**d) Movement in deferred tax balances**

(₹ in Lakhs)

Particulars	As on 1st April 2017	Recognised in profit or loss during 2017-18	As at 31st March 2018	Recognised in profit or loss during 2018-19	As at 31st March 2019
Property, plant and equipment	(5,846.83)	(291.73)	(6,138.56)	(381.23)	(6,519.79)
Allowance for doubtful trade receivables	8,514.57	(1,111.26)	7,403.31	593.91	7,997.22
Voluntary Retirement Expenses	-	-	-	-	-
Provision for Property Tax	123.73	-	123.73	1.20	124.93
Provision for Gratuity	302.87	3,569.85	3,872.72	(2,469.01)	1,403.71
Provision for Leave Salary	5,704.86	(513.91)	5,190.95	54.07	5,245.02
Provision for Performance Related Pay	31.15	41.53	72.68	149.21	221.89
Provision for Contributory medical Scheme	1,667.25	258.67	1,925.92	(55.95)	1,869.97
Provision for Pension	425.90	5.91	431.81	35.78	467.59
Provision for wage revision	199.59	755.03	954.62	11.12	965.74
Provision for pending legal cases	11.61	-	11.61	0.33	11.94
Derivatives and lease deposits	(0.88)	0.88	-	-	-
Tax losses carried forward	-	-	-	-	-
<b>Net deferred tax assets / (liabilities)</b>	<b>11,133.82</b>	<b>2,714.97</b>	<b>13,848.79</b>	<b>(2,060.57)</b>	<b>11,788.22</b>

**e) Unrecognised deferred tax assets:**

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31 March 2019		31 March 2018	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised	-	-	-	-
Tax losses	-	-	-	-
	-	-	-	-

**f) Tax losses carried forward :**

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	31 March 2019	Expiry date	31 March 2018	Expiry date
<b>Expire</b> Carry forward business loss	-	-	-	-
<b>Never expire</b> Unabsorbed depreciation	-	-	-	-
	-	-	-	-

**Note 11: Other non-current assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Capital Advances	<b>263.93</b>	1,721.25
Less: Allowance for doubtful Capital Advances	<b>(21.55)</b>	(30.34)
Advance MAMC consortium [see note (a) below]	<b>5,851.03</b>	5,800.61
Employee Advance	<b>92.74</b>	143.80
Prepayments	<b>78.60</b>	82.25
Gold coins on Hand	<b>10.11</b>	10.11
<b>Total</b>	<b>6,274.86</b>	7,727.68
<b>Due by officers of the company</b>	<b>8.66</b>	12.40

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 ₹1051.03 Lakhs (Previous Year - ₹1000.61 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 ₹5851.03 Lakhs (Previous Year - ₹5800.61 Lakhs) is disclosed as 'Advance to MAMC consortium', pending allotment of equity

shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders' agreement from MOD is being pursued.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly-owned subsidiary

company for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of ₹602.39 Lakhs (Previous Year - ₹602.07 Lakhs) on account of MIL, which is included under the head 'Advances to related parties'.

**Note 12: Inventories (Lower of cost and Net realisable value)**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Raw materials & Components	<b>54,025.45</b>	54,906.10
Less: Allowance for obsolescence - Raw Material	<b>(1,189.75)</b>	(1,056.73)
Raw materials & Components in Transit	<b>2,580.92</b>	2,485.35
Stores and Spares	<b>1,928.35</b>	2,187.06
Work-in-Progress	<b>69,609.25</b>	72,750.21
Finished Goods	<b>15,530.13</b>	17,730.73
Less: Allowance for obsolescence - Finished Goods	<b>(977.02)</b>	(1,064.11)
Finished Goods in Transit	<b>585.96</b>	2,271.20
Stock of Spares	<b>30,069.60</b>	30,988.16
Less: Allowance for obsolescence - Stock of Spares	<b>(4,414.02)</b>	(3,734.32)
Stock of Spares in Transit	<b>239.25</b>	353.50
Hand tools	<b>2,283.31</b>	2,326.03
Scrap	<b>659.02</b>	556.46
Patterns & Other Materials	<b>20.97</b>	21.32
<b>Total</b>	<b>170,951.42</b>	180,720.96

- a. Raw materials & Components include materials lying with sub contractors ₹2376.66 Lakhs (Previous Year - ₹2439.94 Lakhs). Of these, confirmation from the parties is awaited for ₹850.15 lakhs (Previous Year - ₹816.79 Lakhs).
- b. The closing stock of work-in-progress and finished goods are stated at lower of standard cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.
- c. Variances arising on account of difference between standard cost and the actual cost, on account of change in the nature of inputs from bought-out to internally manufactured or vice versa, timing difference between standard cost and actual occurrence during the financial period and fluctuations in the material prices, is adjusted in the cost of production in order not to carry forward the period variances to subsequent financial period.
- d. Allowance towards obsolescence is made as per the Board approved provisioning norms and is based on ageing of inventory.

### Note 13: Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
	-	-
<b>Total</b>	-	-

### Note 14: Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured, considered good</b>		
Outstanding for period exceeding six months *	<b>58,274.46</b>	84,736.79
Others	<b>103,121.83</b>	80,346.59
<b>Unsecured, considered doubtful</b>		
Outstanding for period exceeding six months	<b>19,018.66</b>	16,714.92
Allowance for bad and doubtful trade receivables	<b>(19,018.66)</b>	(16,714.92)
<b>Total</b>	<b>161,396.29</b>	165,083.38

\* Trade receivables - Outstanding for period exceeding six months include ₹9507.47 Lakhs (Previous Year ₹4899.99 Lakhs) towards PMS Bridge contract, in respect of the following :

- i) Amount outstanding towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with Ministry of Defence (MoD) in 2001 ₹4899.99 Lakhs and
- ii) Dollies supplied to MoD ₹4607.48 Lakhs.
  - i) This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation. The customer has asked the acceptability of paying authority to release pending

payment on account of FOB on the basis of clarification to be issued by MoD /AHQ that invoices in EURO, may be accepted in view of adoption of EURO as currency by EU nations in 2007 and payment to be made within the amount of the FOB fixed in the contract (in terms of USD). The matter is under active consideration.

- ii) In respect of dollies, MoD has accepted 18 numbers dollies (out of 56 numbers) including prototype dolly and the balance are under clearance/dispatch.

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.

The movement in the allowance for bad and doubtful trade receivables is as follows:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Balance at the beginning of the year	<b>16,714.92</b>	16,191.99
Impairment losses recognised	<b>2,618.37</b>	1,985.94
Written off during the year	<b>(314.63)</b>	(1,415.45)
<b>Credited to profit or loss</b>	-	(47.56)

### Note 14a: Contract Assets

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Rail & Metro	<b>48,857.05</b>	-
Mining & Construction	<b>59.31</b>	-
Defence	-	-
<b>Total</b>	<b>48,916.36</b>	-

**Note 15: Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with Banks	<b>2,236.96</b>	164.35
Cash on hand	-	44.16
<b>Total</b>	<b>2,236.96</b>	208.51

**Note 15a: Bank Balance Other than (Note 15) above**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with Banks - Unclaimed Dividend	<b>905.98</b>	34.15
<b>Total</b>	<b>905.98</b>	34.15

- a. The Group earns no interest on balances with banks in current accounts.
- b. Balances with banks include the following on which there were restrictions placed on use and / or held on behalf of third parties:
- ESCROW account balance to be distributed among consortium members ₹1979.03 Lakhs (Previous Year ₹82.08 Lakhs) & BEML share is ₹189.99 Lakhs (Previous Year ₹16.53 Lakhs)
- c. Out of the Cash Credit Limit of ₹120000 Lakhs sanctioned to the Group by Consortium Bankers, the amount drawn by the Group as on 31st March is ₹9917.27 Lakhs (Previous Year ₹13536.36 Lakhs) (Refer Note No. 24).
- d. For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balances with Banks	<b>2,236.96</b>	164.35
Balances with Banks - Unclaimed Dividend	<b>905.98</b>	34.15
Cheques, drafts on hand	-	-
Cash on hand	-	44.16
Less: Bank overdraft/Cash credit facility	<b>(9,917.27)</b>	(13,536.36)
<b>Total</b>	<b>(6,774.33)</b>	(13,293.70)

For an understanding of the Group's cash management policies, refer Note no.39 L (ii) on liquidity risk.

**Note 16: Current Loans**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured, considered good</b>		
Lease Deposits	-	1.00
Inter Corporate Loan	<b>817.28</b>	817.28
<b>Total</b>	<b>817.28</b>	818.28

**Note 17: Current - Other financial assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposit with Customers	107.39	107.39
Earnest Money Deposit	89.33	89.33
Deposit with service providers	444.19	454.87
Interest accrued on bank deposits	3.38	-
Derivative asset	-	-
<b>Total</b>	<b>644.29</b>	651.59

For an understanding of the Company's derivative transactions, refer Note no. 39N on derivatives.

**Note 17a: Current tax assets (Net)**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Advance Income Tax	3,408.58	1,818.47
Income Tax Refund	2,482.52	2,381.50
Tax Deducted at Source	1,677.82	109.23
<b>Total</b>	<b>7,568.92</b>	4,309.20

**Note 18: Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Advances to Related Parties	135.48	135.48
Balances with Public Utility concerns	662.82	668.34
Less: Allowance for doubtful Balances with Public Utility concerns	(170.51)	(185.66)
Balances with Govt. Departments for Customs Duty, Excise Duty, GST etc.,	53.49	27.09
Advance to Vendors	9,781.29	10,775.90
Less: Allowance for doubtful advances to Vendors	(3,882.76)	(3,835.27)
Employee Advance	284.85	336.07
Duties and Taxes	3,081.91	4,500.84
Indirect Taxes - Pre GST	-	2,229.67
Less: Allowance for doubtful Indirect Taxes-GST	-	-
Indirect Taxes -GST	5,849.56	-
Prepayments	1,520.05	731.27
Claims receivable	11,885.57	17,436.41
Less: Allowance for doubtful claims	(5,527.15)	(5,525.76)
GST on stock transfers	370.75	650.13
Unbilled revenue	-	-
<b>Total</b>	<b>24,045.35</b>	27,944.51
<b>Due by Officers of the Company</b>	<b>26.66</b>	28.89

Claims receivable includes claims lodged pending under reconciliation amounting to ₹2610.74 Lakhs (Previous Year - ₹2610.74 Lakhs). The Group doesn't expect any material impact on the final realization of the above amounts.

**Note 19: Equity share capital**

(₹ in Lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Amount	Number	Amount
<b>Authorised :</b> Equity Shares of ₹10 each	<b>100000000</b>	<b>10,000.00</b>	100000000	10,000.00
<b>Issued :</b> Equity Shares of ₹10 each	<b>41900000</b>	<b>4,190.00</b>	41900000	4,190.00
<b>Subscribed :</b> Equity Shares of ₹10 each	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Paid-up :</b> Equity Shares of ₹10 each, fully paid-up	<b>41644500</b>	<b>4,164.45</b>	41644500	4,164.45
<b>Forfeited Shares (amount originally paid) :</b> Equity Shares of Paid-up value ₹5 each	<b>255500</b>	<b>12.77</b>	255500	12.77
<b>Total</b>		<b>4,177.22</b>		4,177.22

**Rights and restrictions attached to equity shares**

The Group has only one class of share, i.e., equity shares having the face value of ₹10 per share. Each holder of equity share is entitled to one vote per share. Dividend is paid in Indian Rupees. The dividend recommended by the Board of Directors

is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Group, equity shareholders will be entitled to receive remaining assets of the Group after distribution of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Disclosure requirements for 5 years	Number of Shares				
	2018-19	2017-18	2016-17	2015-16	2014-15
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 2019		As at 31st March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding as at Opening Date	<b>416,44,500</b>	<b>4,164.45</b>	416,44,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	<b>416,44,500</b>	<b>4,164.45</b>	416,44,500	4,164.45

Equity Shares held by shareholders having 5% or more	As at 31st March 2019		As at 31st March 2018		
	Name of the shareholder	No. of Shares	% held	No. of Shares	% held
	President of India	225,00,000	54.03	225,00,000	54.03
	HDFC Trustee Company Limited (PAN wise)	37,15,380	8.92	37,47,580	9.00

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

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

The Board of Directors had approved an Interim Dividend of ₹4.50 per equity share i.e 45% on equity shares of ₹10 each on 21.03.2019 which was distributed among eligible shareholders.

The Board of Directors in their meeting held on 25th May 2019 recommended a dividend of ₹2.50/- per equity share (i.e.,25%) for the financial year ended 31st March 2019, subject to the approval of shareholders at the ensuing Annual General Meeting. If approved, this would result in a cash outflow of approximately ₹1255.11 Lakhs including corporate dividend tax.

#### Note 20: Non-current Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	Non-Current	Current	Non-Current	Current
<b>Debentures</b>				
Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.24%	<b>30,000.00</b>	-	30,000.00	-
<b>Term Loans</b>				
<b>(a) Secured from Banks</b>	-	-	-	-
<b>(b) Unsecured from other parties</b>				
i. Inter corporate loans against Group's corporate guarantee (from Coal India)	-	-	-	-
ii. Soft Loan - Interest Free Loan from Govt of Kerala	<b>296.68</b>	<b>148.34</b>	448.53	606.20
	<b>296.68</b>	<b>148.34</b>	448.53	606.20
<b>Total</b>	<b>30,296.68</b>	<b>148.34</b>	30,448.53	606.20

#### Maturity Pattern of Secured Redeemable Non-convertible Debentures :

(₹ in Lakhs)

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

#### Terms of repayment of Soft Loan - Interest free Loan from Govt. of Kerala

(₹ in Lakhs)

Rate of Interest	2019-20	2020-21	2021-22
Soft Loan - Interest free Loan, Re-payable in 10 equal installments in 5 years	188.80	188.80	188.80

#### Note 21: Non-current - Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Deposit from vendors	<b>41.60</b>	41.60
<b>Total</b>	<b>41.60</b>	41.60

**Note 22: Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Provision for employee benefits</b>		
for Leave Salary	<b>11,878.53</b>	12,331.51
for Post retirement medical scheme	<b>2,996.09</b>	3,499.22
<b>Provision-others</b>		
for warranty	<b>158.00</b>	106.08
for unexpired obligations	<b>2,538.76</b>	700.17
<b>Total</b>	<b>17,571.38</b>	16,636.98

- For movement in the provisions during the year refer Note no. 28
- The provision for employee benefits represents annual leave and vested long service entitlements accrued.
- Warranty provisions are recognised on a contract-by-contract basis for goods sold over the warranty period. The provision is based on estimates of probable likelihood of product failure and returns based on current sales level and past experience.
- Provision for unexpired obligations is towards supply of Backup Spares against guaranteed availability contracts.

**Note 23: Other non-current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Advances from customers	<b>33,237.18</b>	33,237.18
Staff related	<b>28.38</b>	26.25
Deferred government grant	<b>80.92</b>	69.73
<b>Total</b>	<b>33,346.48</b>	33,333.16

- Group received an interest free loan of ₹944.00 Lakhs from Government of Kerala (Note 20). The same has been initially recognised at fair value and the difference between the proceeds and fair value is recognised as deferred government grant.

The government grant income is amortised to profit or loss on a straight line basis over the term of interest free loan (Note 31).

**Note 24: Current Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Repayable on demand from banks</b>		
<b>Secured</b>		
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of Inventories, Bills receivable, Book Debts and all other movables both present and future)	<b>9,917.27</b>	13,536.36
<b>Unsecured</b>	-	-
<b>Total</b>	<b>9,917.27</b>	13,536.36

## Note 25: Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Total outstanding dues of micro & small enterprises	<b>2,574.35</b>	2,386.08
Total outstanding dues of creditors other than micro & small enterprises	<b>74,123.13</b>	51,619.30
<b>Total</b>	<b>76,697.48</b>	54,005.38

### Micro and Small Enterprises (MSE)

The information under MSMED Act, 2006 has been disclosed to the extent such vendors have been identified by the Group. The details of amounts outstanding to them based on available information with the Group is as under:

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Amount due and Payable at the year end		
- Principal	-	-
- Interest on above Principal	-	-
Payments made during the year after the due date		
- Principal	<b>87.18</b>	677.82
- Interest	-	2.32
Interest due and payable for principals already paid	<b>0.74</b>	2.10
Total Interest accrued and remained unpaid at year end	<b>0.74</b>	2.10
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006.	<b>5.15</b>	4.41

## Note 26: Current - Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Current maturities of long term debt (refer note 20)	<b>148.34</b>	606.20
Deposit from vendors	<b>710.54</b>	496.22
Earnest Money Deposit from vendors	<b>1,099.64</b>	555.94
Interest accrued but not due on borrowings	<b>1,017.67</b>	1,020.09
Interest accrued and due on borrowings	-	-
Unclaimed dividend	<b>905.87</b>	34.04
<b>Total</b>	<b>3,882.06</b>	2,712.49

**Note 27: Other current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Other payables		
a. Staff related dues	<b>2,202.68</b>	2,296.54
b. Statutory dues	<b>5,441.55</b>	8,808.33
d. Advances from customers	<b>51,920.05</b>	40,888.21
e. Service vendors	<b>6,722.71</b>	8,723.80
f. Civil contractors and Capital payments	<b>3,606.57</b>	1,293.63
g. Liability for wage revision - executives	<b>5,897.19</b>	-
Interest due on MSE vendors	<b>5.15</b>	4.41
Deferred government grant (refer note 23 a)	<b>40.46</b>	94.38
<b>Total</b>	<b>75,836.36</b>	62,109.30

Civil contracts and Capital payment including ₹2355.96 lakhs pertaining to Bank Guarantee encashed during the current year against 18 MW wind mill project due to non-fulfillment of contractual obligation.

**Note 28: Provisions**

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Provision for employee benefits</b>		
for Gratuity	<b>4,069.51</b>	11,232.95
for Leave Salary	<b>3,132.95</b>	2,669.61
for Performance Related Pay	<b>1,125.00</b>	700.00
for Post retirement medical scheme	<b>2,355.24</b>	2,065.74
for Officers Pension	<b>1,338.11</b>	1,247.74
for Wage revision	<b>10,156.27</b>	9,231.59
<b>Provision-others</b>		
for pending legal cases	<b>34.17</b>	33.56
for warranty	<b>6,269.64</b>	6,018.58
for unexpired obligations	<b>935.00</b>	788.13
for onerous contract	<b>1,123.57</b>	-
for tax on interim dividend	<b>385.20</b>	-
<b>Total</b>	<b>30,924.66</b>	33,987.90

### Movement in Provisions

(₹ in Lakhs)

Particulars	As at 01.04.2018		Additions	Utilization	Reversal	As at 31st March 2019	
	Non-current	Current				Current	Non-current
Gratuity	-	11,232.95	3,903.26	11,066.71	-	-	4,069.50
Leave Salary	12,331.51	2,669.61	4,099.37	4,089.01	-	11,878.53	3,132.95
Post retirement medical scheme	3,499.22	2,065.74	248.64	462.27	-	2,996.09	2,355.24
Performance Related Pay	-	700.00	425.00	-	-	-	1,125.00
Officers Pension	-	1,247.74	1,327.00	1,236.63	-	-	1,338.11
Pay Revision	-	9,231.59	924.68	-	-	-	10,156.27
Pending legal cases	-	33.56	1.65	1.04	-	-	34.17
Warranty	106.08	6,018.58	4,893.40	4,176.88	413.54	158.00	6,269.64
Unexpired Obligation	700.17	788.13	4,359.72	2,374.26	-	2,538.76	935.00
Onerous contract	-	-	1,123.57	-	-	-	1,123.57
Tax on interim dividend	-	-	385.20	-	-	-	385.20
<b>Total</b>	<b>16,636.98</b>	<b>33,987.90</b>	<b>21,691.49</b>	<b>23,406.80</b>	<b>413.54</b>	<b>17,571.38</b>	<b>30,924.65</b>

### Note 29: Current tax liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Provision for Income tax	<b>3,968.15</b>	4,896.06
Less: MAT credit entitlement	-	(3,329.54)
<b>Total</b>	<b>3,968.15</b>	1,566.52

### Note 30: Revenue from Operations

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
(a) sale of products (including excise duty as applicable):		
Castings	-	-
Earth Moving Equipment	<b>95,538.20</b>	101,954.29
Rail & Metro Products	<b>147,552.64</b>	101,774.84
Defence Products	<b>15,925.17</b>	35,727.44
Spare Parts	<b>68,784.92</b>	68,701.71
<b>Sub-total</b>	<b>327,800.93</b>	308,158.28
(b) Sale of services;		
Equipment Servicing	<b>16,899.07</b>	19,155.28
<b>Sub-total</b>	<b>16,899.07</b>	19,155.28
(c) Other operating revenues		
Wind Energy	<b>1,104.79</b>	821.82
Sale of Scrap	<b>1,620.05</b>	1,735.24
<b>Sub-total</b>	<b>2,724.84</b>	2,557.06
<b>Revenue from operations</b>	<b>347,424.84</b>	329,870.62

- A. i. GST on Revenue from Operations up to March 2019 is ₹48487.86 Lakhs (Previous Year ₹52720.41 Lakhs). W.e.f 01.07.2017 on the introduction of GST Law, GST has been included in the Revenue from Operations. Revenue from operations up to June 2017 for FY 2017-18 is inclusive of Excise duty ₹6059.81 Lakhs.
- ii. Revenue includes ₹1303.30 Lakhs (Previous Year: ₹ Nil ) on account of Sale of 08 No. of equipment on "Bill and hold sales" basis recognised in accordance with Ind AS-115. This does not bear any custodian charges.
- iii. Revenue Includes ₹3403.16 Lakhs sale on account of 1.No BH150E and 1 No BH205E Dump Truck on the basis of Sale cum trial . The price is provisional as per the terms of sale order, revenue has been recognised due to transfer of vehicle to the customer as per Ind AS 115. A provision of ₹555.63 Lakhs has been made towards unsatisfied performance obligation.
- iv. Revenue from operation includes ₹1920.02 lakhs towards export sales.
- B. 1. Revenue is recognized over time on the contracts for metro cars supply and service contracts wherever transfer of control on goods/services and performance obligation satisfied over time. All other revenue is recognized at a point in time when control transfers.
2. Revenue from Operations include ₹43,725.72 Lakhs and ₹59.31 Lakhs recognized as Contract Assets in respect of Contracts entered with Metro Corporations for design, manufacture, supply, testing & commissioning of Metro Cars and in respect of Contracts entered with M/s Northern Coalfields Ltd for Equipment Rehabilitation and Aggregates Repairs respectively, due to adoption of Ind AS 115 effective from 01-04-2018.
3. In case of metro supply contracts and Equipment Rehabilitation and Aggregates Repairs Contracts, for determination of transaction price for the purpose of recognizing revenue over time, Input Method has been considered.

4. Following are the closing and opening balances of Receivables, Contract Assets and Contract liabilities (which are measured under Input Method): (₹ in Lakhs)

Details	Balance as on 31.03.2019	Balance as on 01.04.2018
Receivables	<b>22,220.18</b>	11,652.47
Contract Assets	<b>48,916.36</b>	5,131.33

5. Payments under the Metro Supply Contracts are released by customers upon completion of milestones of Cost centers identified in the contracts.
6. Payments are released by customers under Equipment Rehabilitation and Aggregates Repairs Contracts upon completion of Repair/Rehabilitation, delivery and acceptance of the items at Customer site as indicated in the Contract.
7. Warranties: In respect of Metro Contracts Defect Liability periods are applicable till taking over of Train sets by the Customer.
8. Standard Warranty is provided for a period of 12 months Or 4000 hours of satisfactory performance of Equipment after delivery and commissioning. Warranty for Electrical items is for 12 months/3000 hrs from the date of commissioning whichever is earlier.
9. ₹65435.59 Lakhs for Metro Contracts and ₹ 240.24 Lakhs for Equipment Rehabilitation and Aggregates Repairs Contracts, is the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and Company expects to recognize this revenue before the end of FY 2019-20.
10. Following is the reconciliation of amount of revenue recognized in the statement of P&L on recognition of Contract Assets:

Particulars	Amount
Total Contract Assets	43,785.03
Adjustment on the contract price towards discounts, rebate, refunds etc.,	-

## ii. Ind AS 11 (Construction Contracts)

Revenue includes revenue recognised on percentage of completion method as detailed below: (₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
a) Contracts revenue recognized during the year	-	2,374.20
b) Disclosure in respect of Contracts in Progress as at 31st March 2019		
(i) Aggregate amount of cost incurred	-	-
(ii) Recognized profit (less recognized losses, if any) net of provision for contingency	-	-
(iii) Amount of advances received and outstanding	-	-
(iv) The amount of retention	-	-
c) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts up to 31.03.2019 to the estimated total cost of the contract, is used to determine the stage of completion.	-	-

## Note 31: Other income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Interest Income		
- From Deposits	<b>0.34</b>	0.23
- From Inter Corporate Loans	<b>151.59</b>	245.58
- From Other Advances	-	-
- From Income tax refund	-	-
- Finance income on lease deposits	<b>0.99</b>	6.47
- Others	<b>41.15</b>	84.49
Government grant income	<b>42.73</b>	42.73
Export incentives	<b>82.19</b>	40.48
Dividend Income		
- Dividend Received from Subsidiary	<b>13.47</b>	-
- Other Dividends	-	-
Net gain on sale of property, plant and equipment	<b>6.20</b>	13.98
Provisions written back		
- Doubtful trade receivables & advances	-	47.57
- Others	<b>11.57</b>	178.53
Foreign exchange gain	-	568.46
Other non-operating income	<b>1,973.60</b>	1,275.58
<b>Total</b>	<b>2,323.83</b>	2,504.10

**a. Tax Deducted at Source on Income**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
a) Interest on Inter Corporate Loans	<b>15.15</b>	24.56

**Note 32: Cost of materials consumed**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
<b>Cost of materials consumed</b>	<b>195,062.91</b>	170,764.50

**Note 33: Purchase of stock-in-trade**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Purchase of stock-in-trade	-	-

**Note 34: Changes in inventories of finished goods, stock-in-trade and work-in-progress**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
<b>Opening Stock</b>		
Finished goods	<b>18,937.82</b>	42,033.87
Work-in-progress	<b>67,564.80</b>	58,065.98
Scrap	<b>556.46</b>	542.03
Reversal of Opening ED on Finished goods	-	(6,656.09)
Reversal of Opening ED on Scrap	-	(58.18)
	<b>87,059.08</b>	100,641.88
<b>Closing Stock</b>		
Finished goods	<b>15,139.08</b>	18,937.82
Work-in-progress	<b>69,609.25</b>	72,750.21
Scrap	<b>659.02</b>	556.46
	<b>85,407.35</b>	92,244.49
<b>(Increase) / Decrease</b>		
Finished goods	<b>3,798.74</b>	16,439.96
Work-in-progress	<b>(2,044.45)</b>	(14,684.23)
Scrap	<b>(102.56)</b>	(72.61)
<b>Total</b>	<b>1,651.73</b>	1,683.12

**Note 35: Employee benefits expense**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Salaries, Wages & Bonus	<b>63,028.83</b>	64,034.15
Leave Salary	<b>4,099.37</b>	3,760.20
Contribution to:		
- Gratuity Fund	<b>1,127.16</b>	918.72
- Provident Fund and Other Funds	<b>5,673.15</b>	5,725.09
Post retirement medical scheme	<b>970.93</b>	997.19
Staff welfare expenses	<b>6,110.79</b>	6,352.28
- Less receipts	<b>435.31</b>	463.23
Net staff welfare expenses	<b>5,675.48</b>	5,889.05
<b>Total</b>	<b>80,574.92</b>	81,324.40

**A. Ind AS 19 (Employee Benefits)**

**a. Leave Salary**

This is an unfunded employee benefit plan categorized under other long term employee benefits in terms of Ind AS 19. The obligation for compensated absence has been actuarially valued and liability provided accordingly.

Actuarial Assumptions	Current Year (Unfunded)	Previous Year (Unfunded)
Mortality Table	<b>2006-08 (IALM) (Ultimate)</b>	2006-08 (IALM) (Ultimate)
Discount rate	<b>7.59%</b>	7.70%
Rate of escalation in salary	<b>5.00%</b>	5.00%

**b. Post Retirement Medical Scheme**

**1. Employees**

- (i) The Group has a post retirement defined benefit medical scheme where an insurance policy is taken by the Group for providing mediclaim benefits to the superannuated employees who opt for the scheme. The Group pays 2/3rd insurance premium and the balance is paid by the superannuated employees.

(ii) The results of the actuarial study for the obligation of the medical benefit as computed by the actuary are shown below:

(₹ in Lakhs)

<b>Actuarial study analysis</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Principal actuarial assumptions</b>		
Discount rate	<b>7.59%</b>	7.70%
Range of compensation increase	<b>5.00%</b>	5.00%
Attrition rate:	<b>0.55%</b>	0.42%
<b>Components of income statement charge</b>		
Current Service Cost	<b>120.58</b>	213.13
Interest Cost	<b>281.61</b>	249.31
<b>Total income statement charge</b>	<b>402.19</b>	462.44
<b>Movements in net defined benefit liability</b>		
Net obligation at the beginning of the year	<b>3,710.22</b>	3,312.72
Employer contributions	-	(205.32)
Total expense recognised in profit or loss	<b>402.19</b>	462.44
Total amount recognised in OCI	<b>(722.29)</b>	140.38
Net obligation at the end of the year	<b>3,390.12</b>	3,710.22
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>3,710.22</b>	3,312.72
Current service cost	<b>120.58</b>	213.13
Interest cost	<b>281.61</b>	249.31
Benefits paid directly by the company	-	(205.32)
Actuarial loss / (gain) on obligations	<b>(722.29)</b>	140.38
<b>DBO at the end of the year</b>	<b>3,390.12</b>	3,710.22
<b>Re-measurements</b>		
Actuarial gain/(loss) on account of experience adjustments	<b>(722.29)</b>	140.38
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>(722.29)</b>	140.38

### (iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
<b>Discount rate</b>		
+ 0.50% discount rate	<b>(52.40)</b>	(108.15)
- 0.50% discount rate	<b>83.21</b>	117.88
<b>Premium cost</b>		
+ 0.50% premium growth	<b>121.65</b>	111.57
- 0.50% premium growth	<b>(72.67)</b>	(94.18)

### (iv) Experience adjustments

(₹ in Lakhs)

	Current Year	Previous Year
Defined benefit obligation	<b>3,390.12</b>	3,710.22
Experience adjustment on plan liabilities	<b>(637.33)</b>	239.81

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

## 2. Officers

For officers, from the year 2015-16 a new Post-Retirement Medical Scheme has been introduced where a percentage of Basic salary and DA of officers will be contributed to a separate fund and the fund arrange to provide medical insurance to retired officers. Group has contributed 3% of the basic and DA of officers amounting to ₹568.74 Lakhs during 2018-19 for the scheme. Group has no further liability other than the contribution to the fund. Hence the scheme is a defined contribution plan and no actuarial valuation is required.

### c. Interest Rate Guarantee on Provident Fund

- (i) Provident Fund Trust of the Group has to declare interest on Provident Fund at a rate not less than that declared by the Employees' Provident Fund Organisation. In case the Trust is not able to meet the interest liability, Group has to make good the shortfall. This is a defined benefit plan and the Group has got the same actuarially valued and there is no additional liability that needs to be provided for the year.

Actuarial Assumptions	Current Year (Funded)	Previous Year (Funded)
Discount rate	7.59%	7.70%
Rate of escalation in salary	5.00%	5.00%
Interest Rate Guarantee on Provident Fund	8.55%	8.55%

### d. Officers Pension Scheme

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

### e. Gratuity

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

- (ii) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below: (₹ in Lakhs)

<b>Actuarial study analysis</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Principal actuarial assumptions</b>		
Discount rate	<b>7.59%</b>	7.70%
Range of compensation increase	<b>5.00%</b>	5.00%
Attrition rate	<b>0.55%</b>	0.42%
Expected rate of return on plan assets	<b>7.59%</b>	7.70%
<b>Components of income statement charge</b>		
Current Service Cost	<b>698.20</b>	898.15
Interest Cost	<b>428.97</b>	19.56
<b>Total income statement charge</b>	<b>1,127.17</b>	917.71
<b>Movements in net liability/(asset)</b>		
Net liability / (asset) at the beginning of the year	<b>11,232.96</b>	889.00
Employer contributions	<b>(11,075.66)</b>	(1,259.83)
Total expense recognised in profit or loss	<b>1,135.67</b>	918.72
Total amount recognised in OCI	<b>2,795.26</b>	10,685.07
<b>Net liability / (asset) at the end of the year</b>	<b>4,088.23</b>	11,232.96
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the year	<b>45,117.81</b>	35,692.66
Current service cost	<b>698.20</b>	898.15
Interest cost	<b>3,157.45</b>	2,567.93
Benefits paid directly by the company	<b>(6,897.83)</b>	(4,704.19)
Actuarial loss / (gain) on obligations	<b>2,762.78</b>	10,663.26
<b>DBO at the end of the year</b>	<b>44,838.41</b>	45,117.81
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	<b>6.80</b>	(2.64)
Actuarial gain/(loss) on account of experience adjustments	<b>(2,741.42)</b>	(10,644.09)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>(2,734.62)</b>	(10,646.73)
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	<b>33,884.86</b>	34,802.66
Interest on plan assets	<b>2,728.48</b>	2,548.37
Contributions made	<b>11,075.66</b>	1,259.83
Benefits paid	<b>(6,981.14)</b>	(4,704.19)
Actuarial gain/(loss) on plan assets	<b>(13.32)</b>	(21.81)
<b>Fair value of plan assets at the end of the year</b>	<b>40,694.54</b>	33,884.86

**(iii) Sensitivity analysis of significant assumptions**

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
<b>Discount rate</b>		
Discount rate (CY +100 basis pts; PY +50 basis pts)	<b>(1,981.66)</b>	(1,010.64)
Discount rate (CY -100 basis pts; PY -50 basis pts)	<b>2,215.26</b>	1,066.69
<b>Salary increase</b>		
Salary growth (CY +100 basis pts; PY +50 basis pts)	<b>1,828.04</b>	951.27
Salary growth (CY -100 basis pts; PY -50 basis pts)	<b>(1,725.85)</b>	(925.30)

**(iv) Experience adjustments**

(₹ in Lakhs)

	Current Year	Previous Year
Defined benefit obligation	<b>44,838.41</b>	45,117.81
Fair value of plan assets	<b>40,694.54</b>	33,884.86
(Surplus)/deficit in plan assets	<b>4,143.87</b>	11,232.95
Experience adjustment on plan liabilities	<b>2,741.42</b>	10,644.09
Actual return on plan assets less interest on plan assets	<b>428.97</b>	19.56

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

**(v) Investment details**

The plan assets under the fund are deposited under approved securities as follows:

		Current Year	Previous Year
Investment with LIC	%	100	100
Others	%	0	0

**Note 36: Finance costs**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Interest expense		
On Cash Credit & Short term loans	<b>3,196.59</b>	2,150.61
On Long Term Loans	-	-
On External Commercial Borrowings	-	-
On Non-convertible Debentures	<b>2,705.22</b>	2,549.74
On Inter Corporate Loans	-	24.97
On MSE vendors	<b>0.74</b>	4.56
Unwinding of discount on Interest free loan	<b>42.73</b>	71.45
Others	<b>15.23</b>	30.91
<b>Total</b>	<b>5,960.51</b>	4,832.24

**Ind AS 23 (Borrowing Costs)**

The amount of interest capitalized during the Year is ₹66.78 Lakhs (Previous Year - ₹222.26 Lakhs).

**Note 37: Other expenses**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Consumption of stores and spare parts	<b>566.10</b>	696.28
Consumable Tools	<b>640.41</b>	780.91
Power and fuel	<b>3,820.35</b>	3,965.98
Rent	<b>413.96</b>	490.45
Hire Charges	<b>981.59</b>	957.74
Repairs & Maintenance		
Machinery & Equipment	<b>471.97</b>	491.98
Buildings	<b>591.55</b>	737.44
Others	<b>906.81</b>	841.48
Stationery	<b>108.42</b>	125.56
Insurance	<b>477.15</b>	432.46
Rates & Taxes	<b>512.70</b>	328.49
Bank guarantee fee and other charges	<b>746.63</b>	633.32
Communication expenses	<b>331.91</b>	282.27
Commission on sales	<b>18.41</b>	21.50
Remuneration to Auditors (refer note 'a' below)	<b>26.40</b>	26.68
Legal & Professional Charges	<b>189.50</b>	364.91
Travelling Expenses	<b>1,437.14</b>	1,432.68
Publicity & Public Relations	<b>508.67</b>	298.52
Loss on sale of property, plant and equipment	<b>0.77</b>	11.57
Provision for Obsolescence	<b>817.90</b>	774.99
Provision for Onerous contract	<b>1,123.57</b>	-
Bad Debts written off	-	119.91
Defects & Spoilages	<b>16.82</b>	14.70
Works Contract Expenses	<b>7,022.23</b>	7,095.18
Expenses on Maintenance Contract	<b>4,345.78</b>	4,313.75
Sundry Direct Charges	<b>2,116.00</b>	1,035.87
Freight charges	<b>3,055.91</b>	2,310.49
Expenditure on CSR Activities	<b>310.19</b>	334.65
Excise duty on sales	-	5,962.55
Excise duty on increase / (decrease) in Stock	-	0.06
Provision for doubtful trade receivables & advances	<b>2,225.13</b>	2,721.82
Warranty & Unexpired Obligations	<b>4,952.38</b>	5,133.71
Less: Transfers	<b>(3,136.51)</b>	(3,100.00)
Warranty & Unexpired Obligations	<b>1,815.87</b>	2,033.71
Liquidated damages on sales	<b>588.68</b>	174.74
Foreign exchange loss / (gain)	<b>328.90</b>	-
Miscellaneous expenses	<b>9,863.80</b>	11,012.52
<b>Total</b>	<b>46,381.22</b>	50,825.16

**a. Break up of Remuneration to Auditors :**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
(a) As Auditor	15.77	15.77
(b) for taxation matter	3.17	2.06
(c) Other Services - Certification Fees	6.82	8.28
(d) Reimbursement of Expenses	0.64	0.57
<b>Total</b>	<b>26.40</b>	26.68

**Note 38: Exceptional Items**

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Income		
Expenditure	-	-
Net Income / (Expenditure)	-	-

**Note 39: Other Disclosures**

**A. Basic / Diluted Earnings Per Equity Share**

Particulars	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	6,316.17	12,967.68
Average Number of Shares	416,44,500	416,44,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	15.17	31.14

**B.** In terms of Notification No. S.O.802(E) dated 23-02-2018 of the Ministry of Corporate Affairs, the Board at its meeting held on 27.05.2016 has given consent with regard to non-disclosure of information as required under paragraphs 5(ii) (a) (1), 5(ii) (a) (2), 5(iii) and Para 5(viii) (a), (b), (c) and (e) of Part II to Schedule III of the Companies Act, 2013, in the Annual accounts for the Financial Year 2015-16 onwards.

**C. Ind AS 24 - Related Parties**

In accordance with the requirements of Ind AS 24, following are details of the transactions during the year with related parties.

Name of the related party	Nature of relationship
BEML Midwest Limited	Joint venture
BEML PF Trust	Employee benefit and administration trust fund
BEML Gratuity Trust	Employee benefit and administration trust fund
BEML Death-cum-Retirement Benefit Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Pension) Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Benefit) Trust Fund	Employee benefit and administration trust fund
Shri. D.K. Hota	Key managerial personnel
Shri. Aniruddh Kumar	Key managerial personnel
Shri. B R Viswanatha	Key managerial personnel
Shri. R H Muralidhara	Key managerial personnel
Shri. Panneer Selvam	Key managerial personnel
Shri. Suraj Prakash	Key managerial personnel
Shri. Suresh S. Vastrad	Key managerial personnel
Shri. S V Ravi Sekhar Rao	Key managerial personnel

**Transactions with related parties**

1. The details of related party transactions entered into by the Company are as follows:

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

**Details of Transactions**

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
<b>Transactions during the year ended</b>		
Sales	-	-
Purchases	-	-
Equity Investment held as on 31st March (at cost)	<b>542.25</b>	542.25
<b>Outstanding balances</b>		
Advances recoverable as on	<b>135.48</b>	135.48
Amount payable towards supplies as on	<b>230.00</b>	230.00
Corporate Guarantee given to Bankers [refer Note 7 (b)]	<b>1,912.50</b>	1,912.50

**2. Remuneration to Key managerial personnel**

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Shri. D.K. Hota - Chairman and Managing Director	<b>47.10</b>	45.34
Shri. Aniruddh Kumar - Director (Rail & Metro) *	-	22.46
Shri. B R Viswanatha - Director (Mining & Construction)	<b>39.99</b>	38.40
Shri. R H Muralidhara - Director (Defence)	<b>38.92</b>	37.67
Shri. Suraj Prakash - Director (Finance) *	<b>32.04</b>	-
Shri. Suresh S. Vastrad - Director (Rail & Metro) *	<b>12.19</b>	-
Shri. S V Ravi Sekhar Rao - Company Secretary	<b>16.02</b>	19.45

(\* For part of the year.)

**3. Details of remuneration of key managerial personnel comprises the following: (₹ in Lakhs)**

<b>Shri. D.K. Hota - Chairman and Managing Director</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	<b>40.76</b>	41.04
Post-employment benefits	<b>1.66</b>	1.43
Other long-term benefits	<b>4.68</b>	2.87
Termination benefits	-	-
<b>Shri. Aniruddh Kumar - Director (Rail &amp; Metro) *</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	-	22.46
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
<b>Shri. B R Viswanatha - Director (Mining &amp; Construction)</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	<b>33.33</b>	34.51
Post-employment benefits	<b>1.32</b>	1.13
Other long-term benefits	<b>5.34</b>	2.75
Termination benefits	-	-
<b>Shri. R H Muralidhara - Director (Defence)</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	<b>34.54</b>	35.13
Post-employment benefits	<b>1.46</b>	1.25
Other long-term benefits	<b>2.92</b>	1.28
Termination benefits	-	-
<b>Shri. Suraj Prakash - Director (Finance) *</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	<b>29.16</b>	-
Post-employment benefits	<b>1.25</b>	-
Other long-term benefits	<b>1.63</b>	-
Termination benefits	-	-
<b>Shri. Suresh S. Vastrad - Director (Rail &amp; Metro) *</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	<b>11.16</b>	-
Post-employment benefits	<b>0.38</b>	-
Other long-term benefits	<b>0.65</b>	-
Termination benefits	-	-
<b>Shri. S V Ravi Sekhar Rao - Company Secretary</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	<b>13.94</b>	17.68
Post-employment benefits	<b>0.86</b>	0.74
Other long-term benefits	<b>1.22</b>	1.03
Termination benefits	-	-
<b>Total</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Short-term benefits	<b>162.89</b>	150.82
Post-employment benefits	<b>6.93</b>	4.55
Other long-term benefits	<b>16.44</b>	7.93
Termination benefits	-	-

\* For part of the year.

4. Considering the wide scope of the definition of Related Party under section 2(76); Relative under section 2(77) and Key Managerial Personnel under section 2(51) of Companies Act, 2013 and the requirement under Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the disclosure with respect to Related Party transactions has been restricted to Subsidiary / Joint Venture / Associate companies and to any other Related Party as declared by Directors and Key Managerial Personnel. Accordingly, the compliance with Related Party Transactions under section 188, Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been made to the extent data is available with the Company.

**D. Contingent liabilities & Commitments**

**I. Contingent liabilities**

**a. Claims against the Group not acknowledged as debts**

- i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT etc.,) - ₹46384.23 Lakhs (Previous Year - ₹65903.17 Lakhs).
- ii Other claims - legal cases etc. ₹17262.44 Lakhs (Previous Year - ₹20794.59 Lakhs).
- iii. Interest demand of ₹ 1047828 has been raised by the GST authorities alleging delay in remittance of GST. Since the tax liability has been paid by the Group but the adjustment of tax liability has not been made in electronic cash ledger, demand for interest has been

raised. The Group is in the process of replying to the notice of demand and is reasonably confident of a favourable decision.

**b. Guarantees**

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

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

**II. Commitments**

**a.** Estimated amount of contracts remaining to be executed on capital account and not provided for ₹1526.82 Lakhs (Previous Year - ₹5254.09 Lakhs)

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

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

**NOTES**

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

**E. Aggregate amount of Research & Development Expenses:**

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Revenue Expenditure*	<b>6,424.71</b>	9,304.57
Capital Expenditure**	<b>647.36</b>	899.75

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

**a. Research & Development Revenue Expenditure:**

(₹ in Lakhs)

<b>Expenditure in R&amp;D included in</b>	<b>For the Year ended 31st March 2019</b>	<b>For the Year ended 31st March 2018</b>
Material Cost	<b>295.52</b>	353.24
Employee Remuneration	<b>4,117.84</b>	3,936.19
Depreciation	<b>1,122.93</b>	1,046.62
Power and Fuel	<b>48.17</b>	95.16
Repairs and Maintenance	<b>13.20</b>	19.03
Consumable Tools	<b>0.48</b>	16.33
Travelling	<b>126.54</b>	155.39
Other Expenses	<b>1,400.86</b>	721.79
Payment to Technology Providers	-	-
Prototype held in WIP	<b>422.10</b>	58.31
Cost of Sales of Prototype sold	-	3,949.13
<b>Total R&amp;D Revenue Expenditure</b>	<b>7,547.64</b>	10,351.19
Less: Depreciation	<b>1,122.93</b>	1,046.62
<b>Net R &amp; D Expenditure</b>	<b>6,424.71</b>	9,304.57
Sale value of prototype sold - included in net Sales	-	4,648.58

\*\* The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2019 is as below.

**b. Research & Development Capital Expenditure**

(₹ in Lakhs)

Particulars	Gross carrying value				Accumulated depreciation, amortisation and impairment				Net Carrying value	
	As at 01.04.2018	Additions during the year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 01.04.2018	For the Year	Deduction / Re-classification & Adjustments during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>Property, Plant and Equipment</b>										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Lease Hold	-	-	-	-	-	-	-	-	-	-
Buildings	109.33	-	-	109.33	37.82	12.12	-	49.94	59.39	71.51
Plant and Equipment	792.75	324.26	-	1,117.01	251.25	130.36	-	381.61	735.40	541.50
Furniture & Fixtures	93.94	18.91	-	112.85	46.17	11.88	-	58.05	54.80	47.77
Vehicles										
Given on Lease	10.31	0.63	82.60	93.54	(21.29)	13.81	62.37	54.89	38.65	31.60
Own Use	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Roads & Drains	1.64	-	-	1.64	0.21	0.86	-	1.07	0.57	1.43
Water Supply Installations	0.12	-	-	0.12	0.01	0.01	-	0.02	0.10	0.11
Electrical Installation	63.20	41.30	-	104.50	23.81	8.71	-	32.52	71.98	39.39
Computers and Data processing units	734.36	25.62	(1.85)	758.13	465.20	65.83	(1.86)	529.17	228.96	269.16
<b>Intangible Assets</b>										
Software	1,717.72	236.64	-	1,954.36	647.92	321.49	-	969.41	984.95	1,069.80
Technical Knowhow	5,755.91	-	-	5,755.91	1,785.75	557.86	-	2,343.61	3,412.30	3,970.16
<b>Total</b>	<b>9,282.57</b>	<b>647.36</b>	<b>80.75</b>	<b>10,010.68</b>	<b>3,236.85</b>	<b>1,122.93</b>	<b>60.51</b>	<b>4,420.29</b>	<b>5,590.39</b>	<b>6,045.72</b>
Previous Year	3,719.70	899.75	4,663.12	9,282.57	1,954.31	1,046.62	235.92	3,236.85	6,045.72	1,765.39

#### F. Ind AS 108 (Operating Segments)

Vide Notification No. GSR 463(E) dated 05-06-2015 (Serial no. 8) issued by Ministry of Corporate Affairs, exempted companies engaged in Defence Production from segmental disclosure as required under Ind AS 108 (Operating Segments), accordingly the disclosure requirements under Ind AS 108 has not been made.

- G. Advances, Balances with government departments, Trade Payables and receivables, Other loans and advances and deposits classified under non current and current are subject to confirmation and reconciliation.

There are certain old balances pending review / adjustment. The management does not expect any significant impact upon such reconciliation.

- H. Figures of previous year have been regrouped/ reclassified/ recast wherever necessary to conform to current year's presentation.
- I. **Disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

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

(₹ in Lakhs)

Particulars	Amount as on		Maximum amount outstanding during the year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>i. Loans and Advances in the nature of loans:</b>				
A. To Subsidiary Companies	-	-	-	-
B. To Associates / Joint Venture	-	-	-	-
C. To Firms / Companies in which directors are interested	-	-	-	-
D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act, 2013	-	-	-	-
<b>ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries</b>	-	-	-	-

**J. Ind AS 17 - Leases**

**a) The Group as a lessee**

The Group's significant leasing arrangements are in respect of operating leases and in respect of its leased office premises. These lease arrangements, run for a period of 3 Years to 10 Years and are generally renewable by mutual consent.

Future minimum lease payments under non-cancellable operating leases are summarised below:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Not later than one year	58.13	63.16
Later than one year but not later than five years	244.34	230.38
Later than five years	1,551.90	1,523.23
<b>Total operating lease commitments</b>	<b>1,854.37</b>	1,816.77

**b) The Group as a lessor**

The Group provides cars to employees who are eligible and enroll into such a scheme after completion of a specific period of service. Such leases are non-cancellable in nature and have been classified as operating leases.

Below are the details of carrying amounts of such vehicles recorded as property, plant and equipment:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Carrying value of assets	466.75	376.57
Accumulated depreciation	110.59	135.36
Depreciation expense during the year	59.45	71.34

Future minimum lease receipts under non-cancellable operating leases in respect of leased cars are summarised below:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Not later than one year	50.09	39.49
Later than one year but not later than five years	213.09	132.30
Later than five years	63.28	80.58
<b>Total operating lease commitments</b>	<b>326.46</b>	252.37

**c) Lease income and expenditure**

The gross amounts of operating lease income and expenditure recognised in profit or loss is as below.

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Lease income	56.07	66.56
Lease expenses	413.96	490.45

## K. Fair values and measurement principles

a) The carrying value and fair value of financial instruments by category are as follows: (₹ in Lakhs)

Particulars	31 March 2019		31 March 2018	
	Carrying amounts		Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
<b>Financial assets measured at fair value:</b>				
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial assets not measured at fair value:</b>				
Loans	-	826.34	-	1,677.39
Trade receivables	-	161,396.29	-	165,083.38
Cash and cash equivalents	-	2,236.96	-	164.35
Other financial assets	-	695.04	-	689.68
	-	165,154.63	-	164,614.80
<b>Financial liabilities measured at fair value:</b>				
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>				
Borrowings	-	40,213.95	-	43,984.89
Trade payables	-	76,697.48	-	54,005.38
Other financial liabilities	-	3,923.66	-	2,754.09
	-	120,835.09	-	100,744.36

\* The Group has not disclosed the fair values for financial instruments, because their carrying amounts are a reasonable approximation of fair value.

b) The following table shows the fair values of assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Group's use of quoted market prices (Level 1), valuation model using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

(₹ in Lakhs)

Particulars	31 March 2019			31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Financial liabilities measured at fair value:</b>						
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-

c) Measurement of fair values

Valuation techniques and significant unobservable inputs:

Particulars	Valuation technique	Significant unobservable inputs
Forward exchange contracts	The fair values is determined using unquoted forward exchange rates at the reporting date.	Not applicable

d) Transfers between the fair value hierarchy

There were no transfers in either direction in the fair value hierarchy during the year 2018-19.

**L. Financial risk management**

The Group is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments.

The Group's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Group's risk management framework. Treasury Management Team in the Group take appropriate steps to mitigate financial risks within the framework set by the top management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. Group do not trade in derivatives for speculation.

**(i) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

The Group regularly follow up the receivable to minimise losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Deposits and cash balances are placed with reputable scheduled banks.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

**Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. Major Customers of the Group are from Government Sector and Public Sector Companies, where credit risk is relatively low.

The management has established a system under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables based on factual information as on the Balance sheet date.

The maximum exposure to credit risk for trade receivables by geographic region was as follows.

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
India	<b>160,001.59</b>	164,619.39
Other regions	<b>1,394.70</b>	463.99
<b>Total trade receivables</b>	<b>161,396.29</b>	165,083.38

As at 31 March 2019, the Group's most significant customer, accounted for ₹21355.43 Lakhs of the trade receivables carrying amount (Previous Year - ₹6346.78 Lakhs).

The movement in the loss allowance for impairment of trade receivables are disclosed in Note No. 14

Any past due from Government Customers and those fully covered by guarantees or collaterals received are not tested for impairment.

The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables.

The Group has not received any collaterals for receivables as at reporting date.

The impairment loss allowance at 31 March 2019 related to several customers that have indication that they may not pay their outstanding balances. The Group believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on the fact that major customers are Government department, PSUs and historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

## (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Group will face difficulty in raising financial resources required to fulfil its commitments. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is maintained at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally by forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and to comply with loan covenants.

To ensure continuity of funding, the Group primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements needs. The Group has also availed various non-current facilities in the form of secured redeemable debentures, secured term loans, inter-corporate loans against the Group's guarantee and soft loans from the Government for expansion projects and construction and development of capital assets.

### Exposure to liquidity risk

The table below details the Group's remaining contractual maturity for its financial liabilities and derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities and derivative financial liabilities based on the earliest date on which the Group can be required to pay.

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 years or more		
<b>31 March 2019</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	30,296.68	-	-	30,296.68
Current Borrowings	9,917.27	-	-	-	9,917.27
Trade payables	76,697.48	-	-	-	76,697.48
Other financial liabilities	3,923.66	-	-	-	3,923.66
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>90,538.41</b>	<b>30,296.68</b>	<b>-</b>	<b>-</b>	<b>120,835.09</b>

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 years or more		
<b>31 March 2018</b>					
<b>Non-derivative financial liabilities</b>					
Non-current Borrowings	-	30,448.53	-	-	30,448.53
Current Borrowings	13,536.36	-	-	-	13,536.36
Trade payables	54,005.38	-	-	-	54,005.38
Other financial liabilities	2,754.09	-	-	-	2,754.09
<b>Derivative financial instruments</b>					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>70,295.83</b>	<b>30,448.53</b>	<b>-</b>	<b>-</b>	<b>100,744.36</b>

**(iii) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity / commodity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Group enters into forward derivative contracts to manage risks of loss arising due to foreign exchange exposure. During the year ended 31 March 2019, there was no change to the manner in which the Group managed or measured market risk.

**(iv) Currency risk**

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Group's future cash flows and profitability in the ordinary course of business. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities from procuring or selling in foreign currencies and obtaining finance in foreign currencies.

The Group is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Group is Indian Rupee. The Group uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

The Group does not use derivative financial instruments for trading or speculative purposes. Following is the information on derivative financial instruments to hedge the foreign exchange rate risk as on date are as below:

**31 March 2019**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

**31 March 2018**

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

### Exposure to currency risk

The currency profile of financial assets and financial liabilities as on dates are as below: (₹ in Lakhs)

Particulars	INR	USD	EURO	JPY	BRL	GBP	SGD	CHF	ZAR
<b>31 March 2019</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	183.32	-	1,275.69	777.95	-	-	-	-	-
Trade receivables	160,001.59	1,181.38	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	57,095.49	13,634.88	2,206.53	3,064.18	-	647.72	2.31	28.02	18.35
Other current financial liabilities	3,880.15	-	-	-	-	1.91	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>99,209.27</b>	<b>(12,453.50)</b>	<b>(717.52)</b>	<b>(2,286.23)</b>	<b>-</b>	<b>(649.63)</b>	<b>(2.31)</b>	<b>(28.02)</b>	<b>(18.35)</b>
<b>31 March 2018</b>									
<b>Financial assets (A)</b>									
Cash and cash equivalents	120.99	-	43.34	0.02	-	-	-	-	-
Trade receivables	164,619.39	250.67	213.32	-	-	-	-	-	-
<b>Financial liabilities (B)</b>									
Trade payables	46,992.61	1,759.13	2,115.94	1,644.48	42.55	1,430.41	2.25	1.95	16.06
Other current financial liabilities	2,710.58	-	-	-	-	1.91	-	-	-
<b>Net exposure to currency risk (A-B)</b>	<b>115,037.19</b>	<b>(1,508.46)</b>	<b>(1,859.28)</b>	<b>(1,644.46)</b>	<b>(42.55)</b>	<b>(1,432.32)</b>	<b>(2.25)</b>	<b>(1.95)</b>	<b>(16.06)</b>

The following significant exchange rates have been applied during the year. (values in ₹)

Particulars	Average rate		Year-end spot rate	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD	-	-	<b>69.7700</b>	65.7300
EUR	-	-	<b>78.8400</b>	81.3400
JPY	-	-	<b>0.6343</b>	0.6192
GBP	-	-	<b>91.7500</b>	92.8400
BRL	<b>18.4964</b>	19.9710	<b>17.7325</b>	18.6170

### Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars, Euro, Japanese Yen, the Pound and other currencies at 31 March 2019 and 31 March 2018 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2019</b>				
<b>1% movement</b>				
USD	124.54	(124.54)	81.02	(81.02)
EUR	7.18	(7.18)	4.67	(4.67)
JPY	22.86	(22.86)	14.87	(14.87)
BRL	-	-	-	-
GBP	6.50	(6.50)	4.23	(4.23)
SGD	0.02	(0.02)	0.02	(0.02)
CHF	0.28	(0.28)	0.18	(0.18)
ZAR	0.18	(0.18)	0.12	(0.12)
<b>31 March 2018</b>				
<b>1% movement</b>				
USD	15.08	(15.08)	9.86	(9.86)
EUR	18.59	(18.59)	12.16	(12.16)
JPY	16.44	(16.44)	10.75	(10.75)
BRL	0.43	(0.43)	0.28	(0.28)
GBP	14.32	(14.32)	9.37	(9.37)
SGD	0.02	(0.02)	0.01	(0.01)
CHF	0.02	(0.02)	0.01	(0.01)
ZAR	0.16	(0.16)	0.11	(0.11)

### (v) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

#### Exposure to interest rate risk

The Group's interest rate risk arises from borrowings and loans made. Borrowings availed at fixed rates expose the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(₹ in Lakhs)

Particulars	Carrying amount	
	31 March 2019	31 March 2018
<b>Fixed-rate instruments</b>		
Financial assets	-	-
Financial liabilities	(30,000.00)	(30,000.00)
	<b>(30,000.00)</b>	<b>(30,000.00)</b>
<b>Variable-rate instruments</b>		
Financial assets	817.28	1,634.55
Financial liabilities	-	-
	<b>817.28</b>	<b>1,634.55</b>

#### Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 March 2019</b>				
Financial assets	70.76	(70.76)	206.40	(206.40)
Financial liabilities	-	-	(58.66)	58.66
Total Variable-rate instruments	70.76	(70.76)	147.74	(147.74)
<b>Cash flow sensitivity (net)</b>	70.76	(70.76)	147.74	(147.74)
<b>31 March 2018</b>				
Financial assets	146.60	(146.60)	206.40	(206.40)
Financial liabilities	-	-	(58.66)	58.66
Total Variable-rate instruments	146.60	(146.60)	147.74	(147.74)
<b>Cash flow sensitivity (net)</b>	146.60	(146.60)	147.74	(147.74)

#### (vi) Equity and commodity price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Group has no exposure to changes in the quoted equity securities price risk as it has investments in unquoted equity instruments only. The Group does not invest in commodities and is not exposed to commodity price risk.

### M. Capital Management

The Group strives is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the

level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns and levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's adjusted net debt to equity ratio is as follows.

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
Total borrowings <sup>1</sup>	<b>40,362.29</b>	44,591.09
Less: Cash and bank balances <sup>2</sup>	<b>2,236.96</b>	164.35
Adjusted net debt	<b>38,125.33</b>	44,426.74
Total equity	<b>218,756.88</b>	220,132.65
Less: Other components of equity	<b>7,531.24</b>	7,533.18
Adjusted equity	<b>211,225.64</b>	212,599.47
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.18</b>	0.21

<sup>1</sup> Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities.

<sup>2</sup> Cash and bank balances comprises of cash in hand, cash at bank and term deposits with banks excluding consortium member balances in ESCROW account, as disclosed under Note 15 (b).

### N. Derivatives

#### Derivatives not designated as hedging instruments

The Group uses foreign currency forward contracts to manage its exposure to foreign currency fluctuations. These forward contracts

are used to hedge foreign currency payables and other future transactions. However, these foreign exchange forward contracts are not designated as qualifying hedge instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, and are generally for a term of 3 months to 12 months.

The Group has following outstanding forward contracts as on

31 March 2019: JPY Nil (INR Nil) [Previous Year - JPY Nil (INR Nil)]

31 March 2019: EUR Nil (INR Nil) [Previous Year - EUR Nil (INR Nil)]

31 March 2019: USD Nil (INR Nil) [Previous Year: USD NIL (INR Nil)]

The fair value of foreign currency forward derivative is as below:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
	INR	INR
<b>Derivative assets</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-
<b>Derivative liabilities</b>		
Foreign exchange forward contracts (JPY)	-	-
Foreign exchange forward contracts (EUR)	-	-
Foreign exchange forward contracts (USD)	-	-
<b>Total</b>	-	-

The Group has unhedged foreign currency exposure of ₹20610.15 Lakhs (Previous Year - ₹10014.78 Lakhs) for payables as at reporting date.

The Group has applied the principles of Ind AS 109 for the measurement of derivative financial instruments and has classified such derivative contracts as at fair value through profit or loss.

- . On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the following IND AS amendment vide the Companies (Indian Accounting Standards) Amendment Rules, 2019. The amendment is applicable from 1st April, 2019.

## 1 IND AS 116 LEASES

The core principle of the new standard is for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity.

The company is evaluating the effect of this on Financial Statements, and impact thereof not yet ascertained.

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

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

**Q. Additional information on Consolidated Financial Statements for F.Y 2018-19** (₹ in Lakhs)

Name of the entity in the	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1	2	3	4	5
<b><u>Indian Subsidiaries</u></b>				
Vignyan Industries Limited	0.21%	465.78	-0.89%	(56.51)
MAMC Industries Limited	-0.06%	(137.01)	-0.15%	(9.52)
<b>Total</b>		328.77		(66.03)
<b><u>Foreign Subsidiary</u></b>				
BEML Brazil Industrial Ltda	0.00%	-	-0.01%	(0.66)
<b>Total</b>		-		<b>(0.66)</b>
<b><u>Non-controlling interests</u></b>				
Vignyan Industries Limited		19.80		(1.94)
MAMC Industries Limited		-		-
BEML Brazil Industrial Ltda		-		-
<b><u>Joint Venture</u></b>				
Indian:				
BEML Midwest Limited *		-		-

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

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001541S

**CA. M. GOPINATH**  
Partner  
Membership No.: 023819

Place : Bengaluru  
Date : 25-05-2019

**SURAJ PRAKASH**  
Director (Finance)  
(DIN 08124871)

**D K HOTA**  
Chairman & Managing Director  
(DIN 06600812)

**S V RAVI SEKHAR RAO**  
Company Secretary

## Form AOC-I

### Part "A" : Subsidiaries

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

Sl. No.	Name of Subsidiary Company	Vignyan Industries Limited	MAMC Industries Limited	BEML Brazil Industrial Ltda
		1	2	3
1	Reporting period of the Subsidiary Company	31.03.2019	31.03.2019	31.03.2019
2	Reporting currency of Foreign Subsidiary	-	-	Brazilian Reais
3	Exchange rate as on 31.03.2019	-	-	₹18.50 per BR. Reais
4	Share Capital (₹ in Lakhs)	278.97	5.00	-
5	Reserves & Surplus (₹ in Lakhs)	186.81	(142.01)	-
6	Total Assets (₹ in Lakhs)	1,577.05	467.08	-
7	Total Liabilities (₹ in Lakhs)	1,111.27	604.09	-
8	Investments (₹ in Lakhs)	Nil	Nil	Nil
9	Turnover Gross (₹ in Lakhs)	2,707.68	Nil	Nil
10	Profit before taxation (₹ in Lakhs)	(51.35)	(9.52)	(0.66)
11	Provision for taxation (₹ in Lakhs)	(18.66)	-	-
12	Profit after taxation (₹ in Lakhs)	(32.69)	(9.52)	(0.66)
13	Proposed Dividend	₹Nil	₹Nil	₹Nil
14	% of Shareholding	96.56%	100.00%	100.00%

**Note:** MAMC Industries Ltd is yet to commence operation.

### Part "B" : Associates and Joint Ventures

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

	Name of Associate / Joint Ventures	BEML Midwest Limited
1	Latest audited Balance Sheet Date	-
2	Shares of Associate / Joint Ventures held by the company on the year end	-
	No.	5422500
	Amount of Investment in Associates / Joint Venture	₹542.25 Lakhs
	Extend of Holding %	45.00%
3	Description of how there is significant influence	Investment in the equity to the extent of 45% paid-up capital and the Corporate guarantee provided by BEML are considered to be significant influence.
4	Reason why the associate / joint venture is not consolidated	There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated.
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	Not Available
6	Profit / Loss for the year	
	i. Considered in Consolidation	Not Applicable
	i. Not Considered in Consolidation	Not Applicable

As per our report of even date attached

For and on behalf of the Board of Directors

**For V. KRISHNAN & CO.,**

Chartered Accountants

Firm Registration Number: 001541S

**CA. M. GOPINATH**

Partner

Membership No.: 023819

Place : Bengaluru

Date : 25-05-2019

**SURAJ PRAKASH**

Director (Finance)

(DIN 08124871)

**D K HOTA**

Chairman & Managing Director

(DIN 06600812)

**S V RAVI SEKHAR RAO**

Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the members of **BEML LIMITED**

### Report on the Consolidated Financial Statements

#### Qualified Opinion

1. We have audited the accompanying consolidated financial statements of **BEML LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities which comprise consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matters described under the "Basis for Qualified Opinion" section of our report**, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the company as at March 31, 2019 and its consolidated **PROFIT**, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Qualified Opinion:

3. As explained in Note.7, the financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this Joint Venture Company, net of provision

for diminution already made in the value of the investment, has not been determined.

4. We conducted our audit in accordance with the Standards on Auditing [SAs] specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the audit of consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter:

5. We draw our attention to:
  - a) Note No.14 in respect of Trade receivable from MOD Rs. 4,899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The realization of these receivables depends on the final determination of the amount payable by MOD.
  - b) Note No.11 (a) in respect of the amount advanced to MAMC consortium for Rs.5,851.03 lakhs, realization/settlement of which depends on approval from Ministry of Defence and viable business plan.
  - c) Note No. 39(G) regarding pending confirmation, reconciliation, review/adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.
  - d) In the books of MAMC Industries Limited, company is holding lease hold land taken from Urban Development Dept, Govt of West Bengal on 7<sup>th</sup> March 2011 and the said land is lying without erection of factory and as per the term No.25 of said lease deed, the Govt. of West Bengal

has right to re-enter and take back the possession of the said land if no factory is erected within two years from the date of lease-and also have to right to cancel the lease deed. Further, the lease rentals remain unpaid since the date of lease, see Note No.3, Property, Plant and Equipment attached to the Balance Sheet, which is in non observance of point no 23 of the said lease deed.

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

#### Key Audit Matters:

6. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl.No	Key Audit Matters	Auditor's Response
a.	<p><b><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):</i></b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p><i>Refer Note No.30 to the Consolidated Financial Statements</i></p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>○ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>○ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>○ Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>▪ Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>▪ Compared these performance obligations with that identified and recorded by the Company.</li> <li>▪ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>▪ In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.</li> <li>▪ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>▪ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>▪ We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul>
<p>b.</p>	<p><b>Recoverability and assessment of Trade Receivables, advances, balances with government departments</b></p> <p>Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of (i) Earth Moving equipment (ii) Rail &amp; Metro Products (iii) Defence products (iv) spares and services (v) Advance to Vendors and (vi) Duties and taxes etc.</p> <p>These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realisable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>○ Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis.</li> <li>○ Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed.</li> <li>○ Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management’s assessment with reference to the credit profile of the customers, historical payment pattern of customers and latest correspondence with customers and to consider if any additional provision should be made; and</li> <li>○ Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.</li> </ul> <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p> <p>We have drawn attention in Emphasis of Matters on trade receivables, advances and balances with government departments which, in our judgement, are fundamental to the users’ understanding of the financial statements.</p>

<p>c.</p>	<p><b>Disputes and potential litigations:</b></p> <p><i>Refer to Note 39.D.I.a.i. in the consolidated financial statements</i></p> <p>The Company is involved in legal proceedings on disputed tax demands. The company's management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands.</p> <p>Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes. We verified the demands with extracts of concerned web-portals produced on, sample basis.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>
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**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements:**

7. The Holding Company's Board of Directors is responsible for preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including its Associates and Jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid..
8. In preparing the consolidated financial statements the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and its associates and jointly controlled entities.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**Other Matters:**

11. We did not audit the financial statements/ financial information of the subsidiary VIGNYAN INDUSTRIES LIMITED, whose financial statements/financial information reflect total assets of Rs. 1,577.06 lakhs as at 31.03.2019 and loss of Rs. 56.52 lakhs and net cash outflow amounting to Rs.0.12 lakhs for the then year ended on that date as considered in the consolidated financial statements. The financial statements/financial information has been audited by other auditors and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.
12. We did not audit the financial statements of the subsidiary MAMC Industries Limited, whose financial statements reflect total assets of Rs. 467.08 lakhs as at 31.03.2019 and loss of Rs. 9.52 lakhs and net cash outflow amounting to Rs. NIL for the then year ended on that date as considered in the consolidated financial statements. The financial statements/financial information have been audited by other auditors whose report has been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.
13. We did not audit the financial statements of the subsidiary **BEML** BRAZIL INDUSTRIAL LTDA, whose financial statements reflect total assets

of Rs. NIL as at 31.03.2019 and loss of Rs. 0.66 lakhs and net cash out flow amounting to Rs. NIL for the then year ended. The financial statements have been audited by other auditor under local laws of Brazil. The financial information as on the date of consolidation has been furnished by the Management, by adopting average exchange rate of conversion for the year in respect of Statement of profit and loss and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosure of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.

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

#### **Report on other Legal and Regulatory Requirements**

15. As required by section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports or the other auditors.
- c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of

preparation of the consolidated financial statements.

- d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) Being a Government Company provisions of section 164(2) of the Act relating to disqualification of directors are not applicable.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **Annexure A**.
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities. *Refer Note 39(D)(I)(a)(ii) of consolidated financial statements.*
  - ii. The Group its associates and jointly controlled entities did not have any derivative contracts but have provided material foreseeable losses of Rs.1123.57 lakhs for onerous contracts (*Refer Note 37*).
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.

**For V. KRISHNAN & CO.,**  
Chartered Accountants  
Firm Regn No: 001541S

Sd/-

**M.GOPINATH-Partner,**  
Membership No. 023819

Place : Bengaluru (camp)  
Date : 25.05.2019

**ANNEXURE-A**

**Referred in clause (f), paragraph 15 of the INDEPENDENT AUDITOR'S REPORT of even date on the consolidated financial statements of M/s. BEML LIMITED for the year ended 31.03.2019**

**Report on the Internal Financial Controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/s. BEML LIMITED** (hereinafter referred as "**the Holding Company**") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group") and its jointly controlled entity as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion:**

In our opinion, the Group (except BEML MIDWEST JOINT VENTURE ENTITY which has not maintained books of accounts and BMEL BRAZIL INDUSTRIAL LTDA, which has been registered outside India) has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on "the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

## **ADDENDUM TO THE BOARD'S REPORT**

### **Company's reply to the observation of Statutory Auditor's in their Consolidated Audit Report**

<b>Para no.</b>	<b>Auditor's Observation</b>	<b>Company's Reply</b>
3	As explained in Note 7, the financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this Joint Venture Company, net of provision for diminution already made in the value of the investment, has not been determined.	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. Provision for diminution in the value of investment in the JV company is already made. The impact, if any, on account of non-consolidation is not expected to be material.



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

To  
Shri Deepak Kumar Hota,  
Chairman and Managing Director,  
M/s. BEML Limited,  
BEML Soudha, S.R. Nagar,  
Bangalore – 560 027.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2019.

I forward herewith revised **Comments** of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2019. This supersedes this office letter No. नि./बी.ई.एम.एल.लेखा.(2018-19)/2019-20/275 dated 26.07.2019.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and
- (iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication to the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,



(A. Subramaniyan)  
Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दूर.सं./Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491

## Addendum to Board's Report

C & AG comment	Company's Reply
<p><b>COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. BEML LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2019.</b></p> <p>The preparation of Consolidated Financial Statements of <b>M/s. BEML Limited, Bengaluru</b> for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2019.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of M/s. BEML Limited, Bengaluru for the year ended 31 March 2019 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of M/s. BEML Limited, M/s. Vignyan Industries Limited, Tarikere and did not conduct the supplementary audit of the financial statements of M/s. MAMC Industries Limited, Kolkata, M/s. BEML Midwest Limited, Hyderabad and M/s. BEML Brazil Industrial Ltd, Brazil for the year ended on that date. <b><u>Further, section 139(5) and 143(6)(a) of the Act are not applicable to M/s. BEML Midwest Limited, Hyderabad and BEML Brazil Industrial Ltd, Brazil, being private entities incorporated in India/Foreign country under the respective laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies.</u></b> 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.</p>	

<p>Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:</p>	
<p><b>A. Comments on Consolidated Profitability</b> <b>Current Assets</b> <b>Trade Receivables (Note No.14): ₹1613.96 crore</b></p> <p>The Company had supplied Tatra trucks to Bharat Electronics Limited, Bengaluru (BEL) and Bharat Dynamics Limited, Hyderabad (BDL). As per the contracts, Liquidated Damages (LD) was applicable on delayed/undelivered supplies. During the year 2015-16 and 2016-17 supplies have been made beyond the agreed delivery schedule and hence attracted LD to the extent of ₹18.79 crore.</p> <p>In view of the above, suitable provision should have been made towards doubtful claims in the financial statements of the Company. Non-provision towards the same has resulted in overstatement of Trade receivables and profit of the Company to the extent of ₹18.79 crore.</p>	<p><b><u>Claims for amount deducted towards Liquidated damages by BEL &amp; BDL.</u></b></p> <p>The principal contract for supply of fully integrated Aakash system was placed by MoD on BDL.</p> <p>BEML scope of work included only the supply of Tatra trucks to BEL &amp; BDL who in turn were to supply the fully integrated system to MoD (end customer).</p> <p>During March 2012, an extraordinary situation arose which resulted in investigation of Tatra Equipment followed by an imposition of embargo on BEML by MoD on the import of Tatra CKDs. This embargo on purchase of CKDs was lifted on 22.12.2014. Due to delay in delivery, BDL &amp; BEL deducted Liquidated Damages (LD).</p> <p>As per the terms of Purchase Order placed by BEL and BDL, if any Force Majeure circumstances arise, BEML shall be excused for non-fulfilment or for the delayed fulfilment of any of its contractual obligations. Force Majeure conditions include acts which are unanticipated or unforeseeable and not brought about at the instance of BEML, which has caused the non-performance or delayed performance.</p> <p>The situation as mentioned in the above para falls under Force Majeure clause and would therefore not count as delay for the purpose of these contracts. Accordingly, matter has been taken up with BDL &amp; BEL.</p> <p>Accordingly, BDL being the main supplier has taken up the matter of LD waiver with MoD which is under active consideration.</p> <p>Therefore, provision for the same is not considered necessary at this point of time.</p>

<p><b>B. Comment on disclosure:</b></p> <p><b>Consolidated Statement of Profit &amp; Loss</b></p> <p><b>Revenue from Operations (Note.30) : ₹3474.25 crore</b></p> <p>Consequent on adoption of Ind AS 115 effective from 01.04.2018, revenue is stated to be recognized over time on the contracts in one of the segment of the Company, wherever transfer of control on goods/ services and performance obligation satisfied over time.</p> <p>Para 28 of Ind AS 8 stipulated that when initial application of Ind AS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of adjustment, or might have effect on future period, an entity shall inter alia disclose the amount of adjustment for each financial statement line item affected. Profit of the Company for the period from continuing operation in one of the financial statement line items affected by implementation of Ind AS 115 and recognition of revenue over time in respect of contracts in one of the segments of the Company. The impact on the profit of the Company for the period increased by ₹149.89 crore which has not been disclosed in line with Ind AS 8 requirement.</p>	<p>All the disclosures as required by IND-AS 115 have been made under Note-30B – Revenue recognition in the Financial Statements.</p> <p>Further, as per the Ministry of Corporate Affairs Notification No: 463(E) dated 5th June 2015 and amendments effected from time to time, Sl.No: 8 – Chapter IX – Section 129, the Companies engaged in Defence Production have been exempted from the requirement of Segment Reporting in Public Interest.</p> <p>Hence, in view of the disclosures already made under Ind-AS 115, further disclosure under Ind AS 8 is not required.</p>
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For and on behalf of the  
 Comptroller & Auditor General of India

*Sd/-*  
 (Santosh Kumar)  
 Principal Director of Commercial Audit

Place: Bengaluru  
 Date: 23 August 2019

For and on behalf of the  
 Board of Directors

*Sd/-*  
 (D K Hota)  
 Chairman & Managing Director

Place: Bengaluru  
 Date: 26 August 2019

## Corporate Data

### BOARD OF DIRECTORS:

#### FUNCTIONAL DIRECTORS:

Shri D K Hota  
Chairman & Managing Director

Shri R H Muralidhara  
Director (Defence Business)

Shri Suraj Prakash  
Director (Finance)

Shri Suresh S Vastrad  
Director (Rail & Metro Business)

Shri M V Rajasekhar  
Director (Mining &  
Construction Business)

#### GOVERNMENT NOMINEE DIRECTOR:

Dr. Md. Nazmuddin  
Economic Advisor,  
Ministry of Defence

#### INDEPENDENT DIRECTORS:

Shri Sudhir Kumar Beri

Shri M G Raghuveer

Shri B P Rao

Dr. Gurmohinder Singh

Shri Arvind Kumar Arora

#### COMPANY SECRETARY:

Shri S V Ravisekhar Rao

#### CHIEF VIGILANCE OFFICER:

Shri Vidya Bhushan Kumar

#### EXECUTIVE DIRECTORS :

- 1 Shri Umesh Chandra
- 2 Shri Panneer Selvam R
- 3 Shri Hasainabba UK
- 4 Shri Shankar B
- 5 Shri Amit Banerjee

#### CHIEF GENERAL MANAGERS:

- 6 Shri Sivakumar P
- 7 Shri Radhakrishna KR
- 8 Shri Ranganath HS
- 9 Shri Umashankar
- 10 Shri Satyasha Simha

- 11 Shri Ajit Kumar Srivastav
- 12 Shri Nagaraj P
- 13 Shri Sanjay Som
- 14 Shri Sumanta Kumar Saha
- 15 Shri Srinivasan G
- 16 Shri Basudev Mishra
- 17 Shri Ramesh KN
- 18 Shri Vivek V Nayak
- 19 Shri Pawan Kumar
- 20 Shri Sekar V (Offtg.)

#### GENERAL MANAGERS:

- 21 Shri Satheesha NV
- 22 Shri Kumaresan S
- 23 Shri Nagaraja Rao SR
- 24 Shri Mohanavelan E
- 25 Shri Soumitra Sen
- 26 Shri Sunder Raj K
- 27 Shri Umesh OR
- 28 Shri Belle Ashok Kumar
- 29 Shri Tamilselvan AS
- 30 Shri Shashikanth KC
- 31 Shri Srinivasa R
- 32 Shri Ramesh KC
- 33 Shri Viswanatha NG
- 34 Shri Sundarshan KS
- 35 Shri Ishwara Bhat V
- 36 Shri Chandrasekar L
- 37 Shri Nehru Babu A
- 38 Shri Venkata Subba Rao V
- 39 Shri Srinivasa GP
- 40 Shri Rathindra Chandra De
- 41 Shri Jai Gopal Mahajan
- 42 Shri Wanjari Umesh Janardan
- 43 Shri Anil Jerath
- 44 Shri Sasi Kumar K
- 45 Shri Suneel Kumar Bharati
- 46 Shri Sunil R Kharad
- 47 Shri Paritosh Pandey
- 48 Shri Kallol Roy
- 49 Shri Mir Mohamed Thaki
- 50 Shri Manoj Kumar Jha

- 51 Shri Debi Prasad Satpathy
- 52 Shri Anup Ratan Bhattacharya
- 53 Shri Venugopal R
- 54 Shri Prahlada Gowda KO
- 55 Shri Gopala Naika CB
- 56 Shri Subramanyam SM
- 57 Shri Nagaraja HV
- 58 Shri Ramachandrappa G
- 59 Shri Praveen Kumar Mathpal
- 60 Shri Rama Murthy TK
- 61 Shri Sridhara SR
- 62 Shri Chandra Gopal Raju K
- 63 Shri Vikas Chandra Kureel
- 64 Shri Col (Retd.) George Jacob
- 65 Dr. Mythili R (Offtg.)
- 66 Shri Sridhar JS (Offtg.)
- 67 Shri Patil RAS (Offtg.)
- 68 Shri Shekhar K (Offtg.)

#### BANKERS:

1. State Bank of India
2. Canara Bank
3. Bank of India
4. Bank of Baroda
5. Union Bank of India
6. Indian Bank
7. Axis Bank
8. HDFC Bank
9. IDBI Bank
10. Deutsche Bank

#### LEGAL ADVISORS:

1. M/s Just Law  
Bengaluru
2. M/s Sundaraswamy & Ramdas  
Bengaluru
3. National Law School of  
India University, Bengaluru

#### STATUTORY AUDITORS:

M/s. V. Krishnan & Co.,  
Chartered Accountants  
Bengaluru

**COST AUDITORS:**

M/s R M Bansal and Co,  
Cost Accountants  
Bengaluru

**SECRETARIAL AUDITORS:**

M/s. V N Associates  
Practicing Company Secretaries  
Bengaluru

**REGISTRAR & SHARE TRANSFER AGENT**

M/s. Karvy Fintech Private Limited  
Hyderabad

**DEBENTURE TRUSTEE**

M/s. SBICAP Trustee Company Limited  
Mumbai

**OFFICES:**

**Registered, Corporate Office,  
International Business Division &  
Technology Division:**  
"BEML SOUDHA",  
No. 23/1, 4th Main,  
Sampangiramanagar  
Bengaluru - 560027

**Trading & Marketing Division:**

4th & 5th Floor,  
Unity Buildings, J C Road  
Bengaluru -560002

**UNITS:**

**Bengaluru Complex:**

P B No. 7501  
New Tippasandra Post  
Bengaluru - 560075

**KGF Complex:**

BEML Nagar  
Kolar Gold Fields - 563115

**Mysuru Complex:**

Belvadi Post  
Mysore - 570018

**Palakkad Complex:**

KINFRA Park  
Menon Para Road  
Kanjikode East  
Palakkad -678621

**SUBSIDIARY COMPANIES:**

**Vignyan Industries Limited**

Haliyur, BH Road,  
Tarikere Post -577228

**MAMC Industries Limited**

No. 35/1-A, Taratala Road  
Kolkata -700088

**JOINT VENTURE COMPANY:**

BEML Midwest Limited  
C-91, BEML Janatha Flats,  
Punjagutta, Hyderabad- 560082

**REGIONAL OFFICES:**

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

**DISTRICT OFFICES:**

1. Ahmedabad
2. Asansol
3. Bacheli
4. Bhilai
5. Bhubaneswar
6. Chandrapur
7. Chennai
8. Guwahati
9. Hospet
10. Jammu
11. Kothagudem
12. Leh
13. Ramagundam
14. Udaipur
15. Vijayawada

**SERVICE CENTRES:**

1. Bilaspur
2. Hyderabad
3. Kolkata
4. New Delhi
5. Singrauli

**WAREHOUSE FOR DEFENCE:**

1. Pune
2. Jodhpur

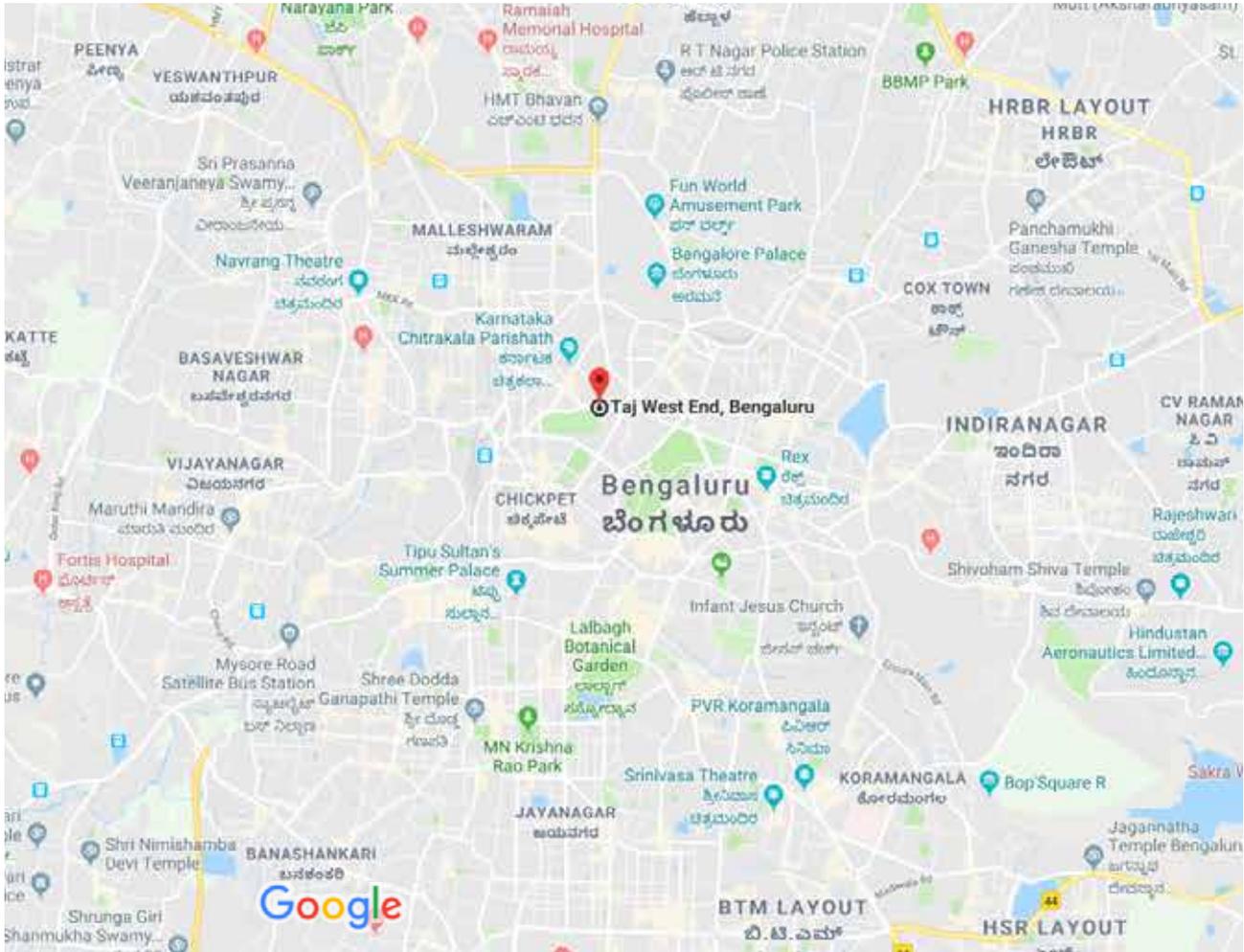
**ACTIVITY CENTRES:**

1. Bhopal
2. Itanagar
3. Kochi
4. Madurai
5. Mahar
6. Panjim
7. Silapathar
8. Visakhapatnam

## ROUTE MAP

for the venue of 55th AGM of BEML at

**'Grand Ballroom' Taj West End, No 25, Race Course Road,  
High Grounds, Bengaluru-560 001 PH : 080666 05660**



### Bus Nos :

**Babusapalya** - 302GA alight at Indian Express and from there 79 series to RC College

**Banashankari** - 13 Series

**BEL Circle** - 271, 273 to Majestic

**Chickalasandra** - 210H

**Jalahalli** - 252A, 252B, 252C, 252D to Majestic

**Jayanagar 4th Block** - 13C, 13E

**Kammanahalli** - 302F to Shivajinagar

**Kalyanagar** - 302B to Majestic, 292 series to Indian Express and from there 79 series to RC College

**Kempegowda Bus Station (Majestic)** - 201N

**Kengeri** : 224 to KR Market

**K.R. Market** - 111E

**K.R. Puram** - 316U, 382

**Lingarajapura** - 292D to Indian Express and from there 79 series to RC College

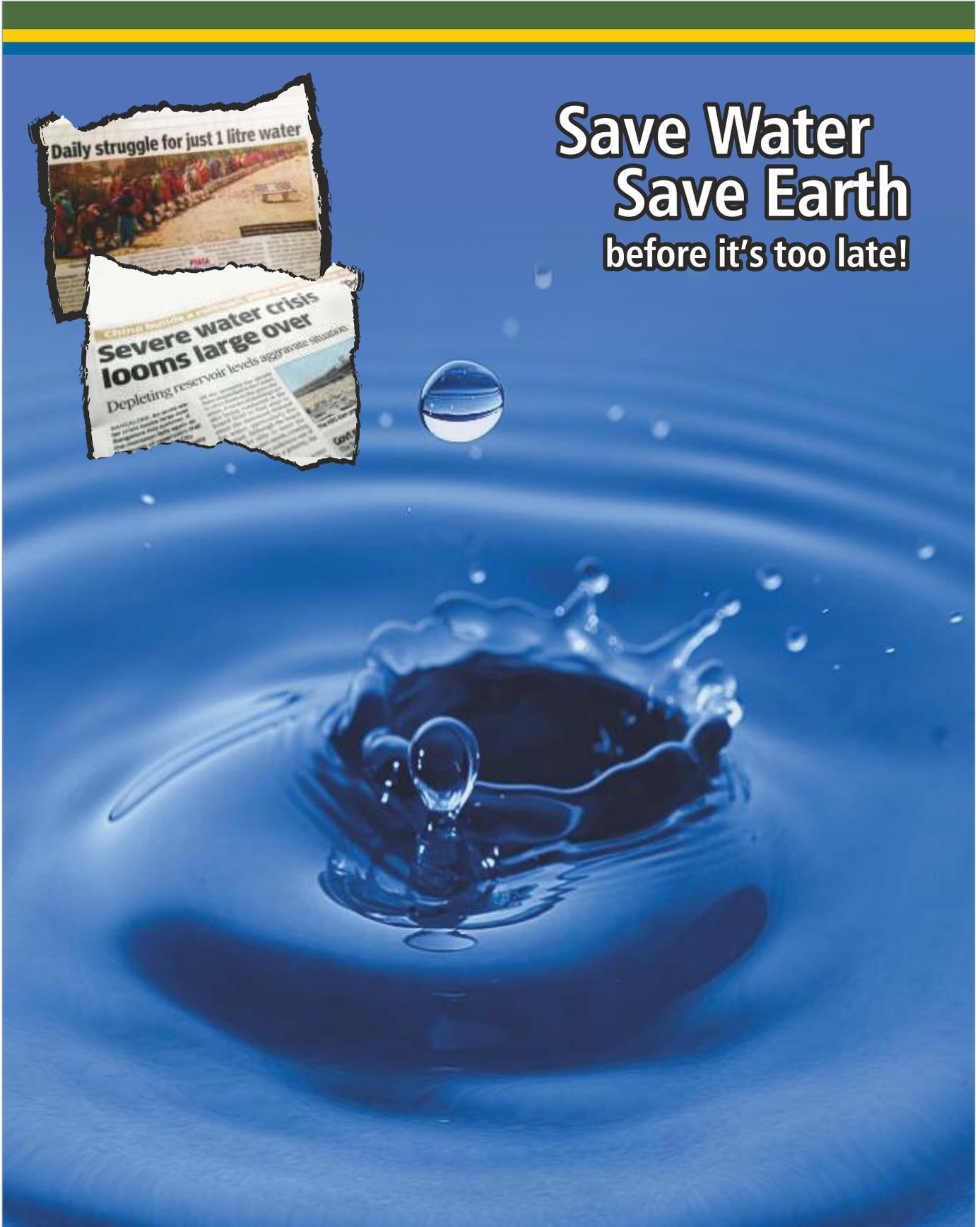
**Shivajinagar** - 95G & 79 series to RC College

**Yelahanka** - 298ME Majestic

From RC College 350 mtrs (4 minutes walk) to Taj West End



**Save Water  
Save Earth  
before it's too late!**





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**beml**

NEW FRONTIERS. NEW DREAMS



# Green Initiatives

Wind Mill • Solar Energy • Bio-Gas Plant

Reducing carbon footprint by mitigating 14,000 tonnes of carbon dioxide every year.



# BEML LIMITED

A Govt. of India Miniratna Company under Ministry of Defence

Defence & Aerospace | Mining & Construction | Rail & Metro

BEML Soudha, 23/1, 4th Main, S.R. Nagar, Bengaluru - 560 027, Karnataka India

Ph.: +91 80 22963142 e-mail: cs@beml.co.in website : www.bemlindia.in



**BEML Limited**  
(CIN: L35202KA1964GOI001530)  
Registered Office : BEML Soudha, # 23/1, 4<sup>th</sup> Main, S.R. Nagar, Bengaluru - 560 027

**ADMISSION SLIP**  
55<sup>TH</sup> ANNUAL GENERAL MEETING - **Thursday, September 26, 2019 at 11.30 Hours**

I / We hereby record my/our presence at the 55<sup>th</sup> Annual General Meeting held at 'Grand Ball Room', Taj West End, No. 25, Race Course Road, High Grounds, Bengaluru - 560 001.

Member's Folio/DP ID-Client ID No. \_\_\_\_\_ Member's/Proxy Name in Block Letters \_\_\_\_\_ Member's/Proxy's Signature \_\_\_\_\_

Regd. Folio / \*Client ID : \_\_\_\_\_ No.of Shares held: \_\_\_\_\_

\* Applicable for members holding shares in electronic form.

**Note** : Shareholder / Proxy holder must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.

✂.....



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**PROXY FORM**  
55<sup>TH</sup> ANNUAL GENERAL MEETING - **Thursday, September 26, 2019 at 11.30 Hours**

Name of the Company Registered Office	BEML Limited BEML Soudha, # 23/1, 4 <sup>th</sup> Main, S.R. Nagar, Bengaluru - 560 027
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Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No/Client ID	
DP ID	

I/We, being the member(s) of ..... shares of BEML Limited, hereby appoint:

- (1) ..... of ..... having e-mail id ..... or failing him/her
- (2) ..... of ..... having e-mail id ..... or failing him/her
- (3) ..... of ..... having e-mail id .....

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55<sup>th</sup> Annual General Meeting of the Company to be held at 'Grand Ball Room', Taj West End, No. 25, Race Course Road, High Grounds, Bengaluru - 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Business to be transacted	Optional	
		For	Against
<b>Ordinary Business:</b>			
1	Approval of Audited Financial Statement including Consolidated Financial Statement for the year 2018-19 along with reports of Board and Auditors thereon.		
2	Consider and declare Final Dividend for the year 2018-19		
3	Re-election of Shri DK Hota as Chairman and Managing Director		
4	Re-election of Shri R H Muralidhara as Director (Defence Business)		
5	Fixation of remuneration of the Statutory Auditors for the year 2019-20		
<b>Special Business:</b>			
6	Appointment of Shri Suresh S Vastrad as Director (Rail & Metro Business)		
7	Appointment of Dr. Md. Nazmuddin as Government Nominee Director		
8	Appointment of Shri Arvind Kumar Arora as Independent Director		
9	Ratification of Remuneration to Cost Auditors for the year 2019-20		

Signed this ..... day of ..... 2019.

Member's Folio/DP ID-Client ID No.....Signature of Shareholder(s) .....

Signature of Proxy Holders(s) .....

Affix Revenue Stamp
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