

Profit and Loss Account

for the period ended 31st March

(Rs. Lakhs)

	Schedule	2010	2009
Income			
Sales	16	355,767.69	301,346.94
Less : Value of consortium supplies		58,302.41	8,256.90
		297,465.28	293,090.04
Less : Excise Duty		13,641.33	13,372.94
Net Sales		283,823.95	279,717.10
Other Income	17	13,741.36	10,997.33
Increase / (Decrease) in Stock	18	15,098.74	28,072.11
		312,664.05	318,786.54
Expenditure			
Cost of Raw Materials & Spares consumed / sold	19	180,084.31	185,089.39
Employees Remuneration & Benefits	20	55,513.98	56,918.93
Depreciation	5	3,222.36	2,730.88
Other Expenses	21	36,988.90	31,852.36
		275,809.55	276,591.56
Interest	22	4,892.92	3,368.18
		280,702.47	279,959.74
Profit for the year		31,961.58	38,826.80
Prior period adjustments	23	6.79	80.07
Profit Before tax		31,954.79	38,746.73
Less : Provision for tax	24	9,669.97	11,862.49
Profit After tax		22,284.82	26,884.24
Add : Balance in Profit and Loss Account Brought Forward		9,779.67	6,242.07
Profit available for appropriation		32,064.49	33,126.31
Appropriations			
Proposed Dividend		4,164.45	4,997.34
Tax on Dividend		707.75	849.30
General Reserve		2,228.48	17,500.00
Balance Transferred to Balance Sheet		24,963.81	9,779.67
		32,064.49	33,126.31
Basic / Diluted Earnings per Share (Rs.)		53.51	64.56
Notes on Accounts	25		
[Schedule 1 to 25 and Accounting Policies annexed herewith form part of Accounts]			

Refer our report of even date

For and on behalf of the Board of Directors

For **RAO ASSOCIATES**
Chartered Accountants

G. SUDHINDRA
Partner
Membership No.26171
FRN No. 003080S

Place : Bangalore
Date : 28.5.2010

M. PITCHIAH
Director (Finance)

V.R.S. NATARAJAN
Chairman & Managing Director

M E V SELVAMM
Company Secretary

For BEML LIMITED


COMPANY SECRETARY



BEML LIMITED

Schedules to Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
16. Sales		
Earthmoving Equipment	137,439.73	136,433.80
Railway Products	102,084.25	47,581.73
Defence Products	61,204.31	54,572.90
Spares	54,128.34	56,266.33
Trading goods	1,494.49	7,560.71
Sale of wind energy	345.12	343.09
Commissioning, Servicing & Desilting	646.34	352.15
Export Incentives	365.85	270.17
	357,708.43	303,380.88
Less : Sales returns & Adjustments	1,940.74	2,033.94
	355,767.69	301,346.94
17. Other Income		
Commission and fees	1.57	6.95
Surplus on sale of Assets	8.09	0.72
Disposal of Scrap / Surplus Materials (net of Excise Duty)	3,125.74	1,870.35
Dividend received	20.20	13.47
Interest:		
On Call & Term Deposits from banks & others	2,240.31	2,892.82
On Other Advances	51.40	32.35
Miscellaneous Income	3,965.05	1,933.96
Provision in previous year no longer required:		
Doubtful debts & advances	504.54	155.97
Others	3,824.46	4,090.74
	13,741.36	10,997.33
18. Increase / decrease in Inventory		
Opening Stock		
Work-in-progress	50,835.65	25,234.63
Finished Stock	11,496.77	8,893.11
Scrap	480.05	612.62
	62,812.47	34,740.36
Closing Stock		
Work-in-Progress	54,357.52	50,835.65
Finished Stock	23,164.75	11,496.77
Scrap	388.94	480.05
	77,911.21	62,812.47
Increase / (Decrease)		
Work-in-Progress	3,521.87	25,601.02
Finished Stock	11,667.98	2,603.66
Scrap	(91.11)	(132.57)
	15,098.74	28,072.11

Schedules to Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
19. Cost of Raw Materials and Spares - Consumed / sold		
(a) Opening Stock		
Raw Material Components	57,342.63	30,087.16
Spares	<u>32,058.67</u>	<u>23,576.86</u>
	89,401.30	53,664.02
(b) Add : Purchases		
Raw Material & Components	152,681.59	202,226.23
Spares	<u>14,720.82</u>	<u>18,600.44</u>
	167,402.41	220,826.67
(c) Less : Closing Stock		
Raw Material & Components	39,849.46	57,342.63
Spares	<u>36,869.94</u>	<u>32,058.67</u>
	76,719.40	89,401.30
Total (a) + (b) - (c)	<u>180,084.31</u>	<u>185,089.39</u>
20. Employees' Remuneration and Benefits *		
Salaries, Wages and Bonus	41,179.25	43,039.93
Leave Salary & Contractual Obligations	1,993.96	3,792.69
Contribution to :		
Gratuity Fund	1,679.20	454.81
Provident Fund & Family Pension Scheme	3,760.25	3,403.70
Voluntary Retirement Scheme	971.83	931.11
Other Expenses on Welfare Schemes (excl. Salaries & Wages)	6,265.86	5,648.50
Less : Receipts	<u>336.37</u>	<u>351.81</u>
	55,513.98	56,918.93
* Includes remuneration to Directors (Excluding monetary value of perquisites calculated as per Income Tax Act, 1961 net of recovery)		
Salaries	82.30	35.91
House Rent Allowance	5.59	1.63
Leave Travel Concession	1.51	-
Accrued leave	2.24	3.74
Contribution to Gratuity Fund	1.23	1.26
Contribution to Provident Fund	9.89	4.06
Profit linked incentive	-	1.91
Interest Subsidy	0.05	0.05
Medical Expenses	<u>4.09</u>	<u>0.89</u>
	106.90	49.45



BEML LIMITED

Schedules to Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
21 Other Expenses		
Stores Consumed	1,382.93	1,424.79
Consumable Tools	1,523.18	1,016.90
Power & Fuel	3,168.81	3,181.55
Rent	234.43	227.32
Hire Charges	453.43	392.72
Repairs & Maintenance :		
Machinery and Equipment	1,679.53	1,010.36
Buildings	507.56	744.34
Others	682.07	637.69
Amortisation of Special Tools and Jigs	638.60	235.84
Stationery Supplies	126.28	142.84
Insurance	512.58	80.85
Rates and Taxes	393.24	373.71
Bank Charges	713.60	556.60
Postage, Telegrams, Telephones and Telex	297.17	283.59
Selling Agents Commission	243.54	633.05
Remuneration to Auditors	18.29	15.26
Legal Expenses	63.57	125.93
Travelling Expenses	1,308.79	1,042.07
Publicity and Public Relations	616.67	590.53
Loss on Fixed Assets discarded	5.73	6.06
Obsolescence	1,022.39	1,096.47
Bad debts written off	27.64	3.61
Defects and Spoilages	442.60	105.20
Excise Duty on Increase (Decrease) in Stock	1,367.58	(640.94)
Provision for Doubtful Debts and Advances	1,905.80	366.25
Warranty & Unexpired Obligations	2,469.27	2,421.18
Liquidated damages on sales	2,370.18	2,646.20
Technical documentation fee	15.73	6.88
Miscellaneous Expenses	12,797.71	13,125.51
	<u>36,988.90</u>	<u>31,852.36</u>
22. Interest		
Interest	4,892.92	3,368.18
	<u>4,892.92</u>	<u>3,368.18</u>
23. Prior Period Adjustments		
Others	6.79	80.07
	<u>6.79</u>	<u>80.07</u>
24. Provision for Tax		
Current Tax	10,686.64	12,868.28
Excess provision of previous years written back	(253.19)	(1,480.59)
Deferred Tax	(763.48)	306.80
Fringe Benefit Tax	-	168.00
	<u>9,669.97</u>	<u>11,862.49</u>



Consolidated Significant Accounting Policies

1. **Fixed Assets:**

Capitalization and Depreciation:

- i) The values of Fixed Assets are at cost. Expenditure on Land Development is capitalised. Cost of leasehold land is amortized over the period of lease on pro-rata basis.
- ii) Financing cost relating to borrowed funds or deferred credits is capitalised to the extent such costs are attributable to the period up to the completion of construction/acquisition of fixed assets for new projects or substantial expansion.
- iii) Expenditure on administration and general overhead attributable to construction or acquisition of fixed assets are not capitalised, as such expenses, besides being not significant, are not relatable to a specific asset.
- iv) Depreciation is charged on Straight Line Method basis at rates as per Schedule XIV of the Companies Act, 1956 (or such higher rates which in the opinion of the management is appropriate), calculated from the month following the month of capitalization. Depreciation on additions (physical or value) or extensions to existing assets is provided so as to co-terminate with the life of the original asset or extended useful life based on technical assessment.
- v) Expenditure on reconditioning, rebuilding and major overhaul of machinery and equipment are capitalized only if technical assessment indicates increase in the future benefits from the existing assets beyond the previously assessed standards of performance. Ex: an increase in capacity, etc.
- ii) Work-in-progress is valued at actual cost of materials, labour and production overheads based on normative capacity or adjusted / estimated realisable value, whichever is lower.
- iii) Finished stock is valued at actual cost or estimated realisable value whichever is lower.
- iv) Estimated costs are considered wherever actual costs are not available.
- v) The cost is adjusted for decline in value by writing down the value based on specific identification. Further, provision for obsolescence is made depending on movement.
- vi) Based on technical assessment, provision is made for revalidation/refurbishment of finished goods to reflect the current status thereof.
- vii) Scrap is valued at estimated realisable value.

3. **Advances from customers :**

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

4. **Sales / Other Income :**

- i) Sales for products viz., equipments, aggregates, attachments and ancillary / dealership products is recognized when these are unconditionally appropriated to the valid sales contract or under dealership agreements.
- ii) In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion and delivery period is more than 12 months and the value of the equipment/system is more than Rs.25 crores, revenue is recognized on the 'percentage completion method'. Percentage completion is based on the ratio

Consolidated Significant Accounting Policies

of actual costs incurred on the contract up to the reporting date to the estimated total cost of the product.

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

- iii) Sales for spares is recognized on despatches / customer acceptance against valid sales contracts.
- iv) Where sale prices are not established, sales are recognized provisionally at prices likely to be realized.
- v) Sales include excise duty wherever applicable but excludes sales tax and transit insurance and is adjusted for anticipated price reductions from contractual obligations such as de-escalation.
- vi) Duty drawback claims on exports are accounted on preferring the claims.
- vii) Claims for escalation are recognized on acceptance by the customer.
- viii) Where the contract provides for installation and commissioning and price for the same is agreed separately, revenue for installation and commissioning is recognized on conclusion of installation and commissioning. Where installation and commissioning fee is not separately stipulated, the estimated cost as technically assessed for such installation and commissioning to be incurred are provided for. However, the revenue for the product delivered is recognized
- ix) Revenue in respect of contract involving consortium is recognized and disclosed at full value in compliance with the terms of consortium agreement and cost of items

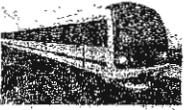
supplied by the other members of the consortium is deducted there from.

5. Employee Benefits:

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

6. Accounting for Foreign Currency Transactions:

- i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount the exchange rate existing at the time of the transaction.
- ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by adopting the rate of exchange prevailing at the date of Balance Sheet. Exchange differences consequent to reinstatement are credited / charged to revenue.
- iii) The gain or loss in the conversion and / or settlement of liabilities incurred for acquisition of fixed assets is either credited or charged to revenue during the period such gain or loss arise.
- iv) Differences upon settlement of transactions, other than those covered by (iii) above are credited / charged to revenue.
- v) In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for



Consolidated Significant Accounting Policies

over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit or loss in the reporting period in which the exchange rate changes.

7. **Contractual Obligations :**

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

8. **Research & Development:**

i) Research & Development expenditure is charged off in the year of incurrence except in the case of development of new products. The expenditure on development of new products is carried under inventory as these are meant for sale. Expenditure on fixed assets relating to Research & Development is capitalized.

ii) Expenditure on the development of new products is treated in line with Accounting Policy No. 2(ii) and 2(iii) depending upon the stage of completion.

9. **Prior Period Items :**

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

10. **Under / Over Absorption of Cost :**

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

11. **Taxes on Income:**

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

12. **Leased Assets :**

Assets given under operating leases are capitalized and depreciation charged at applicable rates. Lease rentals recovered are recognized in the profit and loss account. Direct costs are expensed on incurrence.

13. **Others:**

i) The cost of special tools and jigs is amortised over production based on technical assessment. The value is net as per books.

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

iii) Expenditure incurred on purchase of Technical Know-how fee is amortised over a period of six years on technical assessment.

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

v) Investments: Long-term investments are carried at cost. Permanent decline in the value of such investments is recognized and provided for. Current investments are carried at lower of cost and quoted /fair value.

Refer our report of even date

For and on behalf of the Board of Directors

For **RAO ASSOCIATES**

Chartered Accountants

G. SUDHINDRA

Partner

Membership No.26171

FRN No. 003080S

Place : Bangalore

Date : 28.05.2010

M. PITCHIAH

Director (Finance)

V.RS. NATARAJAN

Chairman & Managing Director

M E V SELVAMM

Company Secretary

Consolidated Balance Sheetas at 31st March

(Rs. Lakhs)

	Schedule	2010	2009
Sources of Funds			
Shareholders Funds			
Share Capital	1	4,177.22	4,177.22
Reserves & Surplus	2	<u>200,151.11</u>	<u>187,836.69</u>
		204,328.33	192,013.91
Loan Funds			
Secured Loans	3	76,035.25	47,236.35
Unsecured Loans	3A	<u>15,549.86</u>	<u>9,673.08</u>
		91,585.11	56,909.43
Minority Interest		34.17	27.44
Deferred Tax Liability	4	<u>—</u>	<u>46.84</u>
		295,947.61	248,997.62
Application of Funds			
Fixed Assets			
Gross Block (at cost)	5	81,497.56	75,644.36
Less : Depreciation		<u>52,924.56</u>	<u>49,790.79</u>
Net Block		<u>28,573.00</u>	<u>25,853.57</u>
Add : Capital Work-in-progress	6	<u>3,229.83</u>	<u>2,502.31</u>
		31,802.83	28,355.88
Investments	7	567.29	542.29
Deferred Tax Assets	14A	3,275.61	—
Current Assets, Loans & Advances			
Inventories	8	165,965.17	162,587.86
Sundry Debtors	9	136,073.75	154,506.43
Cash and Bank Balances	10	56,716.51	26,351.31
Other Current Assets	11	737.82	1,504.30
Loans and Advances	12	<u>46,306.89</u>	<u>41,368.17</u>
		405,800.14	386,318.07
Less : Current Liabilities & Provisions			
Current Liabilities	13	89,541.83	113,457.27
Provisions	14	<u>56,101.86</u>	<u>53,635.23</u>
		145,643.69	167,092.50
Net Current Assets		260,156.45	219,225.57
Miscellaneous Expenditure	15	145.43	873.88
(to the extent not written off or adjusted)		<u>—</u>	<u>—</u>
		295,947.61	248,997.62
Notes on Accounts	25		
[Schedule 1 to 25 and Accounting Policies annexed herewith form part of accounts]			

Refer our report of even date

For and on behalf of the Board of Directors

For **RAO ASSOCIATES**

Chartered Accountants

G. SUDHINDRA

Partner

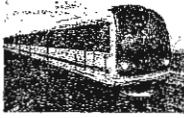
Membership No.26171

FRN No. 003080S

Place : Bangalore

Date : 28.05.2010

M. PITCHIAH
Director (Finance)**V.RS. NATARAJAN**
Chairman & Managing Director**MEV SELVAMM**
Company Secretary



BEML LIMITED

Consolidated Profit and Loss Account

for the year ended 31st March

(Rs. Lakhs)

	Schedule	2010	2009
Income			
Sales		355,768.40	301,349.07
Less : Value of consortium supplies		58,302.41	8,256.90
		<u>297,465.99</u>	<u>293,092.17</u>
Less : Excise Duty		13,641.38	13,373.20
Net Sales	16	283,824.61	279,718.97
Other Income	17	12,797.46	10,202.78
Increase / (Decrease) in Stock	18	15,253.57	28,109.52
		<u>311,875.64</u>	<u>318,031.27</u>
Expenditure			
Cost of Raw Materials & Spares consumed / sold	19	177,582.62	182,856.67
Employees Remuneration & Benefits	20	56,099.55	57,384.68
Depreciation	5	3,274.22	2,757.82
Minority Interest		6.73	4.51
Other Expenses	21	37,732.52	32,620.78
		<u>274,695.64</u>	<u>275,624.46</u>
Interest	22	4,927.87	3,374.70
		<u>279,623.51</u>	<u>278,999.16</u>
Profit for the year		32,252.13	39,032.11
Prior period adjustments	23	12.15	83.51
Profit Before tax		32,239.98	38,948.60
Less : Provision for tax	24	9,790.80	11,937.14
Profit After tax		22,449.18	27,011.46
Add : Balance in Profit and Loss Account Brought Forward		10,257.16	6,616.82
Profit available for appropriation		<u>32,706.34</u>	<u>33,628.28</u>
Appropriations			
Proposed Dividend		4,185.38	5,018.26
Tax on Dividend		711.31	852.86
General Reserve		2,228.48	17,500.00
Balance Transferred to Balance Sheet		25,581.17	10,257.16
		<u>32,706.34</u>	<u>33,628.28</u>
Basic / Diluted Earnings per Share (Rs.)		53.91	64.86

Notes on Accounts

25

[Schedule 1 to 25 and Accounting Policies annexed herewith form part of Accounts]

Refer our report of even date

For and on behalf of the Board of Directors

For **RAO ASSOCIATES**

Chartered Accountants

G. SUDHINDRA

Partner

Membership No.26171

FRN No. 003080S

Place : Bangalore

Date : 28.05.2010

M. PITCHIAH

Director (Finance)

V.RS. NATARAJAN

Chairman & Managing Director

M E V SELVAMM

Company Secretary

Consolidated Cash Flow Statementfor the year ended 31st March

(Rs. Lakhs)

	2010		2009	
	Sub items	Main items	Sub items	Main items
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX & EXTRA-ORDINARY ITEMS		32239.98		38946.97
Adjustment for				
Depreciation	3274.22		2757.82	
Profit / Loss on sale of Investments / Fixed Assets	(2.36)		5.34	
Amortisation	1654.64		1188.94	
Interest paid	4927.87		3931.30	
Interest received	(2291.71)		(2925.17)	
Dividend received	(20.20)		(13.74)	
Minority Interest	6.73		4.51	
Other Provisions	4208.34		7036.51	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		11757.53		11985.51
		43997.51		50932.48
Adjustment for				
Trade and other Receivables	12059.46		(27972.85)	
Inventories	(3449.03)		(69064.68)	
Trade Payables	(23915.44)		15216.45	
Tools & Jigs	(697.01)		(259.49)	
VRS / Palakkad expenses	(287.59)		(366.96)	
CASH GENERATED FROM OPERATIONS		27707.90		(31515.05)
Direct Tax Paid (Net)		(17612.36)		(9620.45)
NET CASH FROM OPERATING ACTIVITIES		10095.54		(41135.50)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(6797.66)		(7326.87)	
Sale of Fixed Assets	78.82		16.46	
Purchase of Investments	(25.00)		-	
Interest Received	3116.60		3354.68	
NET CASH USED IN INVESTING ACTIVITIES		(3627.24)		(3955.73)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Short Term Borrowings	28798.90		16830.78	
Proceeds from Unsecured Loans	4722.00		9673.08	
Public issue expenditure	-		(70.01)	
Interest Paid	(3773.09)		(3931.30)	
Dividend Paid	(5850.91)		(3169.77)	
NET CASH USED IN FINANCING ACTIVITIES		23896.90		19332.78
Net increase / (Decrease) in Cash and Cash Equivalents		30365.20		(25758.45)
Cash and Cash Equivalents as at 1.4.09		26351.31		52109.76
Cash and Cash Equivalents as at 31.3.10		56716.51		26351.31

Figures of previous year regrouped wherever necessary

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For and on behalf of the Board of Directors

For **RAO ASSOCIATES**

Chartered Accountants

G. SUDHINDRA

Partner

Membership No.26171

FRN No. 003080S

Place : Bangalore

Date : 28.05.2010

M. PITCHIAH

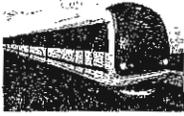
Director (Finance)

V.RS. NATARAJAN

Chairman & Managing Director

M E V SELVAMM

Company Secretary



BEML LIMITED

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
1. Share Capital		
Authorised :		
10,00,00,000 Equity Shares of Rs. 10/- each	10,000.00	10,000.00
Issued :		
4,19,00,000 Equity Shares of Rs. 10/-each	4,190.00	4,190.00
Subscribed :		
4,16,44,500 Equity Shares of Rs. 10/- each	4,164.45	4,164.45
Add : Forfeited Shares	12.77	12.77
	<u>4,177.22</u>	<u>4,177.22</u>
Note : 60,63,000 Equity Shares of total value of Rs. 6,06,30,000 have been issued for consideration other than cash		
2. Reserves and Surplus		
Capital Reserve - Surplus on Sale of Assets		
Balance as per last Balance Sheet	105.66	105.66
Capital Reserve - on consolidation	26.60	26.60
Securities Premium Account		
Balance as per last Balance Sheet	61,204.07	61,274.08
Less : Public Issue expenses	-	70.01
	<u>61,204.07</u>	<u>61,204.07</u>
Reserve for Nonimara Excellence Award	1.44	1.44
General Reserve		
Balance as per last Balance Sheet	116,242.97	98,742.97
Add : Transfer to General Reserve	2,228.48	17,500.00
	118,471.45	116,242.97
Less : Incremental Gratuity Liability [Refer Note No. 4(b)]	7,826.60	-
Less : Deferred Tax on Gratuity Liability	(2,660.26)	-
Net Incremental Gratuity Liability	5,166.34	-
Net General Reserve	113,305.11	116,242.97
Balance in Profit & Loss Account	25,581.17	10,257.16
Less : Unrealised Profit on Stock	72.94	1.22
	<u>25,508.23</u>	<u>10,255.94</u>
	<u>200,151.11</u>	<u>187,836.69</u>
3. Secured Loans		
Loans from Banks	76,035.25	47,236.35
(Cash credit and term credit availed from Banks secured by hypothecation of Inventories (except those pertaining to rallocoaches), book debts, receivables, other movable assets and plant & machineries etc.)		
	<u>76,035.25</u>	<u>47,236.35</u>

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

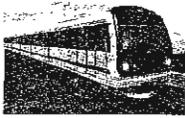
Particulars	2010	2009
3A. Unsecured Loans		
Loans from other Corporates	14,166.00	9,444.00
Add : Interest accrued and due	1,383.86	229.08
	15,549.86	9,673.08
4. Deferred Tax Liability		
Opening Balance	46.84	—
Add : Liability during the year	101.30	310.71
Less : transfer from Deferred Tax asset	148.14	263.87
	—	46.84

5. Fixed Assets

Particulars	Gross Block			Depreciation				Net Block		
	Cost as at 31.3.09	Additions during the year	Deductions/ reclassifications and adjustments during the year	Cost as at 31.3.10	Provision upto 31.3.09	Provision for the year	Deductions/ reclassifications and adjustments during the period	Provision upto 31.3.10	As at 31.3.2010	As at 31.3.2009
Land (Free Hold)	1,396.44	—	—	1,396.44	—	—	—	—	1,396.44	1,396.44
Land (Lease Hold)	42.18	—	—	42.18	18.41	3.57	—	21.98	20.20	23.77
Roads and Drains	1,002.70	12.09	(5.87)	1,008.92	456.68	15.34	—	472.02	536.90	546.02
Water Supply Installation	406.99	16.93	—	423.92	310.84	7.89	—	318.73	105.19	96.15
Buildings	12,194.68	799.42	(4.33)	12,989.77	4,547.95	303.16	0.33	4,851.44	8,138.33	7,646.73
Railway Sidings	482.02	265.70	—	747.72	117.32	34.19	25.78	177.29	570.43	364.70
Plant, Machinery & Equipment	54,358.79	4,656.62	(101.96)	58,913.45	39,957.25	2,678.16	(100.20)	42,535.22	16,378.24	14,401.55
Electrical Installations	2,708.63	88.37	(10.18)	2,786.82	2,460.22	71.60	(9.00)	2,522.82	264.00	248.41
Office Furniture & Equipment	1,522.58	55.72	(0.51)	1,577.79	1,161.64	56.84	(0.25)	1,218.23	359.56	360.94
Transport Vehicles	1,529.35	175.29	(94.09)	1,610.55	760.50	103.49	(57.14)	806.85	803.70	768.85
Total	75,644.36	6,070.14	(216.94)	81,497.56	49,790.79	3,274.22	(140.48)	52,924.56	28,573.00	25,853.57
Previous Year	68,715.17	7,249.99	(320.80)	75,644.36	47,331.97	2,757.82	(299.00)	49,790.79	25,853.57	21,383.20

6. Capital Work-in-progress

Building etc, under Construction	26.48	33.27
Equipment under Inspection and in transit	3,150.35	2,216.53
Advances for Capital Expenditure	8.79	159.78
Machinery under erection	44.21	92.73
	3,229.83	2,502.31



BEML LIMITED

Schedules to Consolidated Financial Statements

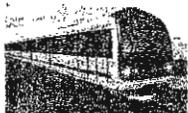
(Rs. Lakhs)

Particulars	2010	2009
7. Investments		
In BEML Midwest Limited, Joint venture company		
54,22,500 Equity Shares of Rs. 10 each	542.25	542.25
In Ordinary Shares of Co-operative societies		
250 Shares of Rs. 10 each of BEML Consumer Co-operative Society Ltd., KGF	0.03	0.03
10 Shares of 100 each of Gulmohar Mansion Apartments Co-operative Housing Society Ltd., Bangalore	0.01	0.01
In BEML Brazil Participacoes Ltda.	25.00	-
	<u>567.29</u>	<u>542.29</u>
8. Inventories		
Raw materials and components	37,855.65	68,510.85
Less : Consortium Scope	-	13,953.29
Net Raw materials and components	<u>37,855.65</u>	<u>54,557.56</u>
Stores and Maintenance Spare parts including construction materials	2,197.73	2,893.28
Scrap	388.94	480.05
Patterns	27.37	-
Hand tools	1,241.17	1,627.75
Stock-in-trade:		
Finished Stock	23,164.75	11,496.77
Spares	36,869.94	32,134.71
Work-in-Progress	54,857.67	51,180.97
Goods under Inspection and in Transit	9,434.89	8,217.99
	<u>166,038.11</u>	<u>162,589.08</u>
Less : Unrealised Profit on Stock	72.94	1.22
Total Inventory	<u>165,965.17</u>	<u>162,587.86</u>
9. Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	43,301.70	55,043.48
Considered Doubtful	2,258.35	863.48
	<u>45,560.05</u>	<u>55,906.96</u>
Other Debts Considered Good	92,772.05	107,719.85
Less : Consortium scope	-	8,256.90
Net Other debts considered good	<u>92,772.05</u>	<u>99,462.95</u>
	<u>138,332.10</u>	<u>155,369.91</u>
Less : Provision for Doubtful Debts	2,258.35	863.48
	<u>136,073.75</u>	<u>154,506.43</u>
10. Cash and Bank Balances		
Cash on Hand	21.98	19.01
Cheques on Hand	38,252.35	5,707.37
With Scheduled Banks : In Current Accounts	3,437.18	4,124.63
In Deposit Accounts (Refer to Note C(6) in Sch.25)	15,005.00	16,500.30
	<u>56,716.51</u>	<u>26,351.31</u>
11. Other Current Assets		
Gold coins on hand	9.67	9.67
Interest accrued on Bank Deposits	64.72	889.61
Special tools & jigs (net)	663.43	605.02
	<u>737.82</u>	<u>1,504.30</u>

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
12. Loans and Advances		
Loans		
Loans - considered good (Secured)	16,250.41	10,205.30
Advances		
Advances recoverable in cash on in kind or for value to be received	17,626.00	31,218.07
Less : Consortium scope	—	16,579.48
Net Advances	17,626.00	14,638.59
Prepaid expenses & other advances	662.22	2,209.82
Balances with Government Department for Customs Duty, Excise Duty, etc., including receivables	8,751.96	13,168.91
Balance with Public Utility Concerns	878.66	2,734.73
Less : Consortium scope	—	2,072.30
Net balance with Public Utility Concerns	878.66	662.43
Advance payment of Tax (net of provision)	1,526.58	—
Advance Payment for Investment	1,067.56	900.00
	30,512.98	31,579.74
Less : Provision for doubtful advances	456.50	416.87
	46,306.89	41,368.17
13. Current Liabilities		
Sundry Creditors	1,952.86	496.73
Due to Micro, Small and Medium Enterprise	43,272.54	85,719.53
Others	—	13,953.29
Less : Consortium scope	—	—
Net others	43,272.54	71,766.24
Advances and Deposits	31,650.45	53,006.13
Less : Consortium scope	—	26,908.68
Net Advances and deposits	31,650.45	26,097.45
Other Liabilities	12,602.64	15,038.42
<u>Amount transferable to Investors Education Fund (not due)</u>	63.00	58.08
Unpaid / Unclaimed Dividend	0.34	0.34
Interest accrued but not due on Loan/Deposit	—	—
	89,541.83	113,457.27
14. Provisions		
Income Tax and Fringe Benefit Tax (net of payments)	680.03	5,179.14
Proposed dividend and Tax thereon	4,896.68	5,871.12
Provision for Gratuity	9,505.80	535.19
Provision for Leave Salary	10,639.94	10,681.70
Provision for Wage revision	12,014.27	9,845.72
Others	18,365.14	21,522.36
	56,101.86	53,635.23
14A. Deferred Tax		
Opening balance	—	263.87
Add : during the year	3,423.75	—
Less : Adjusted against Deferred tax liability during the year	—	263.87
Less : Transfer from deferred tax liability	148.14	—
	3,275.61	—
15. Miscellaneous Expenditure (to the extent not written off or adjusted)		
Pre-operation expenses	79.35	—
Opening balance	66.08	79.35
Additions during the year	145.43	79.35
Expenditure on Voluntary Retirement Scheme		
Opening balance	794.53	1,460.02
Additions during the year	221.51	287.61
Less : Amortisation during the year	1,016.04	953.10
	—	794.53
	145.43	873.88



BEML LIMITED

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
16. Sales		
Castings	0.71	2.13
Earthmoving Equipment	137,439.73	136,433.80
Railway Products	102,084.25	47,581.73
Defence Products	61,204.31	54,572.90
Spares	54,128.34	56,266.33
Export (Trading)	1,494.49	7,560.71
Sale of wind energy	345.12	343.09
Commissioning, Servicing & Desilting	646.34	352.15
Export Incentives	365.85	270.17
	<u>357,709.14</u>	<u>303,383.01</u>
Less : Sales returns & Adjustments	1,940.74	2,033.94
	<u>355,768.40</u>	<u>301,349.07</u>
17. Other Income		
Commission and fees	1.57	6.95
Surplus on sale of Assets	8.09	0.72
Disposal of Scrap / Surplus Materials	2,167.01	1,085.84
Dividend received	20.20	13.47
Interest:		
On Call & Term Deposits from banks & others	2,240.31	2,892.82
On Other Advances	51.40	32.35
Miscellaneous Income	3,979.88	1,923.92
Provision in previous year no longer required :		
Doubtful debts & advances	504.54	155.97
Others	3,824.46	4,090.74
	<u>12,797.46</u>	<u>10,202.78</u>
18. Increase / decrease in Work-in-progress & Finished Stock		
Opening Stock		
Work-in-progress	51,180.97	25,542.54
Finished Stock	11,496.77	8,893.11
Scrap	480.05	612.62
	<u>63,157.79</u>	<u>35,048.27</u>
Closing Stock		
Work-in-Progress	54,857.67	51,180.97
Finished Stock	23,164.75	11,496.77
Scrap	388.94	480.05
	<u>78,411.36</u>	<u>63,157.79</u>
Increase / (Decrease)		
Work-in-progress	3,676.70	25,638.43
Finished Stock	11,667.98	2,603.66
Scrap	(91.11)	(132.57)
	<u>15,253.57</u>	<u>28,109.52</u>

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
19. Cost of Raw Materials and Spares - Consumed / sold		
(a) Opening Stock		
Raw Material & Components	57,450.84	30,228.86
Spares	32,134.71	23,652.10
	<u>89,585.55</u>	<u>53,880.96</u>
(b) Add : Purchases		
Raw Material & Components	149,411.57	199,324.97
Spares	15,508.82	19,236.29
	<u>164,920.39</u>	<u>218,561.26</u>
(c) Less : Closing Stock		
Raw material & Components	40,053.38	57,450.84
Spares	36,869.94	32,134.71
	<u>76,923.32</u>	<u>89,585.55</u>
Total (a) + (b) - (c)	<u>177,582.62</u>	<u>182,856.67</u>
20. Employees' Remuneration and Benefits		
Salaries Wages and Bonus	41,594.20	43,369.24
Leave Salary & Contractual Obligations	2,003.44	3,792.69
Contribution to :		
Gratuity Fund	1,703.04	482.49
Provident Fund & Family Pension Scheme	3,796.44	3,433.63
Voluntary Retirement Scheme	1,016.04	953.10
Other Expenses on welfare schemes (excl. salaries and wages)	6,322.76	5,705.34
Less : Receipts	336.37	351.81
	<u>5,986.39</u>	<u>5,353.53</u>
	<u>56,099.55</u>	<u>57,384.68</u>
21. Other Expenses		
Stores Consumed	1,382.93	1,424.79
Consumable Tools	1,523.18	1,016.90
Power & Fuel	3,578.59	3,645.56
Rent	234.43	227.32
Hire Charges	453.43	392.72
Repairs & Maintenance :		
Machinery and Equipment	1,702.95	1,033.66
Buildings	528.87	753.25
Others	691.28	645.95
Amortisation of Special Tools and Jigs	638.60	235.84
Machining / Fettleing Charges	122.13	119.31
Moulding charges	113.85	132.60
Stationery Supplies	127.93	144.56
Insurance	514.28	81.52
Rates and Taxes	397.42	376.95



BEML LIMITED

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	2010	2009
Bank charges	714.87	556.60
Postage, Telegrams, Telephones and Telex	300.53	286.90
Selling Agents Commission	243.88	633.05
Remuneration to Auditors	18.85	15.53
Director's Remuneration	0.25	0.42
Legal Expenses	63.57	125.93
Travelling Expenses	1,316.18	1,048.24
Publicity and Public Relations	617.48	590.76
Loss on Fixed Assets discarded	5.73	6.06
Obsolescence	1,022.39	1,096.47
Bad debts	32.45	3.61
Defects and Spoilages	442.60	105.20
Excise Duty	1,367.58	(640.94)
Provision for Doubtful Debts and Advances	1,905.80	366.25
Warranty & Unexpired Obligations	2,469.27	2,421.18
Liquidated damages	2,370.18	2,646.20
Technical documentation fee	15.73	6.88
Miscellaneous Expenses	12,815.31	13,121.51
	<u>37,732.52</u>	<u>32,620.78</u>
22. Interest		
Interest	4,927.87	3,374.70
	<u>4,927.87</u>	<u>3,374.70</u>
23. Prior Period Adjustments		
Others	12.15	83.51
	<u>12.15</u>	<u>83.51</u>
24. Provision for Tax		
Current Tax	10,706.17	12,936.43
Excess provision of previous year written back	(253.19)	(1,480.59)
Deferred Tax	(662.18)	310.72
Fringe Benefit Tax	-	170.58
	<u>9,790.80</u>	<u>11,937.14</u>

25. Notes annexed to and forming part of Consolidated Financial Statements for the period ended 31st March 2010

A. DISCLOSURE UNDER MANDATORY ACCOUNTING STANDARDS

1. Accounting Standard 1 (Disclosure of Accounting Policies)

In view of the requirement under AS15 (Revised 2005) not to carry forward the deferred expenditure relating to Voluntary Retirement Scheme to accounting periods commencing on or after 1st April, 2010 and the consequential change in Accounting policy 13(iv) on Voluntary Retirement Schemes, the balance amount of Rs. 794.53 Lakhs outstanding as on 1st April 2009 has been charged to Profit and Loss Account of the year.

2. Accounting Standard 7 (Accounting for Construction Contracts)

(Rs. Lakhs)

Particulars	2009-10	2008-09
a) Contracts revenue recognized during the year	3493.62	9943.38
b) Percentage of completion method is used to determine the contract revenue recognized in the period.		
c) Ratio of the actual cost incurred on the contracts up to 31.3.2010 to the estimated total cost of the contracts, is used to determine the stage of completion.		
Disclosure in respect of Contracts in Progress as at 31 st March 2010		
a) Aggregate amount of cost incurred	112.03	9411.46
b) Recognized profit (less recognized losses, if any) (net of provision for contingency)	NIL	126.54
c) Amount of advances received and outstanding	NIL	NIL
d) The amount of retention	NIL	NIL
e) In respect of contracts in progress as at 31 st March 2010, the costs incurred have not reached any stage of material and measurable physical proportion of contract work and hence no revenue is recognized in the accounts.		

3. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Profit & Loss account for the year is Rs. 1530.75 Lakhs (Cr) (Pr. Yr. Rs. 2376.62 Lakhs (Dr))

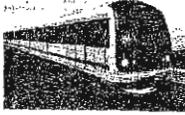
4. Accounting Standard 15 (Employee Benefits)

Leave Salary

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

Gratuity

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



BEML LIMITED

(Rs. Lakhs)

1	Changes in the Present value of obligation	Current year	Previous year		
	Present value of obligation at 1.4.2009	22933.37	23076.07		
	Interest Cost	1853.14	1844.80		
	Current Service Cost	1099.18	565.28		
	Benefits Paid	2090.20	1932.49		
	Actuarial (gain)/loss on obligations	8990.45	(620.29)		
	Present value of obligation at 31.3.2010	32785.94	22933.37		
2	Changes in the Fair value of Plan assets	Current year	Previous year		
	Fair value of plan assets at 1.4.2009	22450.88	22073.96		
	Expected return on plan assets	2171.67	2077.42		
	Contributions	555.29	260.00		
	Benefits paid	2090.20	1932.49		
	Actuarial (gain)/loss on plan assets	241.46	28.01		
	Fair value of plan assets at 31.3.2010	23329.10	22450.88		
3	Reconciliation of obligations and fair value of plan assets	Current year	Previous year		
	Present value of obligation at 31.3.2010	32785.94	22933.37		
	Fair value of plan assets at 31.3.2010	23329.10	22450.88		
	Funded Status	9456.84	482.49		
	Liability recognized during the year	9456.84	482.49		
4	Expenses recognized during the year	Current year	Previous year		
	Current Service Cost	1099.18	565.28		
	Interest Cost	1853.14	1844.80		
	Expected return on plan assets	2171.67	2077.42		
	Actuarial (gain)/loss on obligation	8990.45	(620.29)		
	Actuarial (gain)/loss on plan assets	(241.46)	28.01		
	Contributions	-	742.11		
	Net Cost	9529.64	482.49		
5	Investment Details	%	%		
	GOI Bonds	1	6		
	Others	6	9		
	Investment with LIC	93	85		
6	Actuarial Assumptions	Gratuity		Leave Salary	
		Current year	Previous year	Current year	Previous year
		(Funded)	(Funded)	(Unfunded)	(Unfunded)
	Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
		(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
	Discount rate	8%	8%	8%	5.85%
	Rate of return on plan assets	9.57%	9.41%	-	-
	Rate of escalation salary	7%	7%	8%	8%

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

Consequent upon amendment to Payment of Gratuity Act enhancing the ceiling for payment of Gratuity from Rs.3.50 Lakhs to Rs.10 Lakhs, the additional liability till 31st March 2009 amounting to Rs. 5166.34 Lakhs (Net of Deferred Tax Rs. 2660.26 Lakhs) has been adjusted against the opening balance of reserves and the incremental liability for the year ended 31st March 2010 amounting to Rs. 1165.36 Lakhs has been charged to Profit and Loss Account for the year.

5. Accounting Standard 17 (Segment Reporting)

(a) Primary Reporting – Business Segment - Customers

(Rs. Lakhs)

	Particulars	Railway Customers	Defence Customers	Earth Moving Equipment Customers	Other Customers	Total Current Year	Total Previous Year
1	Revenue External Sales (* Includes value of Consortium supply)	102084(*)	67935	184254	1495	355768	301349
2	Results :						
	Segment Results	(5357)	10777	38749	232	44401	50857
Less	Unallocated Corporate Expenses					9513	11376
	Operating Profit					34888	39481
Less	Interest Expense					4928	3375
Add	Interest Income					2292	2925
Less	Income Taxes					9791	11937
Less	Prior Period Adjustments					12	83
	Net Profit					22449	27011

(b) Segmental Capital Employed

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

(c) Secondary Reporting

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



BEML LIMITED

6. Accounting Standard 18 (Related Party Transactions)

- (i) Name of the Joint Venture Company - M/s. BEML Midwest Ltd., Hyderabad - Shareholding 45%.

Details of Transactions

(Rs. Lakhs)

Particulars	Current Year	Previous year
Sales	-	2.86
Purchases	-	97.95
Advances recoverable	152.31	71.74
Corporate Guarantee given to Bankers	1915.00	1915.00
Amount payable towards supplies	319.64	318.69

- (ii) Name of the Associate-BEML Brazil Participacoes Ltda (The name has been changed to BEML Brasil Industrial Ltda)

Details of Transactions

(Rs. Lakhs)

Particulars	Current Year	Previous year
Non-equity Investment - Quota	25.00	-

- (iii) Remuneration to key management personnel

Name	(Rs.)	Designation
Shri. V.R.S. Natarajan	2394140	Chairman and Managing Director
Shri. V.Mohan	2396285	Director (Defence)
Shri. M. Poongavanam	1965085	Director (Mining & Construction)
Shri. P.Dwarakanath	1794791	Director (Metro& Rail)
Shri. M.Pitchiah	1994181	Director (Finance)
Shri. M.Nellaiappan	1546169	Director (HR)

7. Accounting Standard 19 (Leases)

- i) Office premises taken on lease

The Company's significant leasing arrangements are in respect of operating leases in respect of some of its office premises. These lease arrangements, which are not cancellable, are generally for 5 years and are usually renewable by mutual consent. The aggregate lease rentals paid are disclosed under Rent in Schedule 21.

ii) Cars given on Lease

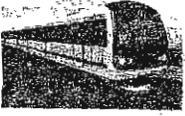
A. a) Gross Carrying amount		Rs. 312.31 Lakhs
b) Accumulated depreciation		Rs. 34.07 Lakhs
c) Accumulated impairment losses		NIL
(i) Depreciation recognized in Profit & Loss Account		Rs. 23.12 Lakhs
(ii) Impairment losses recognized in Profit & Loss Account		NIL
(iii) Impairment losses reversed in Profit & Loss Account		NIL
B. Future minimum lease payments under non-cancellable operating leases – Leased cars		
(i) Not later than one year	(ii) Later than one year but not later than five years	(iii) Later than five years
Rs 31.96 Lakhs	Rs.122.21 Lakhs	Rs. 106.32 Lakhs
C. Total rents recognized as income in the Profit & Loss Account		Rs. 24.42 Lakhs

8. Accounting Standard 20 (Earnings Per Share)

Particulars	Current Year	Previous Year
Net Profit after Tax (Rs. Lakhs)	22449.18	27011.46
Average Number of Shares	41644500	41644500
Earnings Per Share (Basic and Diluted) – Face Value Rs. 10/- Per Share (Rs.)	53.91	64.86

9. Accounting Standard 21 (Consolidated Financial Statements)

Beml Brasil Participacoes Ltda (the name has been changed to BEML Brasil Industrial Ltda,) an Associate, is formed under the requirements of the governing laws of Brasil as per which the entity is not a company as defined in Companies Act, 1956, and is not having equity share capital but having Quota to which BEML has subscribed as per the requirements of Brazilian Laws to conduct business as an extended arm of BEML in Brazil and hence treated as long term Investments under Accounting Standard 13, carried at cost under Accounting Policy 13 (v). The Overseas entity has not prepared its Financial statements as on 31.03.2010. As such consolidation requirements if and to the extent applicable under AS21 and AS23 could not be complied with.



BEML LIMITED

10. Accounting Standard 22 (Deferred Tax)

	(Rs. Lakhs)	
Particulars	Current Year	Previous Year
(a) Components of Deferred Tax Liability		
(1) Depreciation	3282.61	3012.71
(2) Amortization and others	225.44	205.23
Total (a)	3508.05	3217.94
(b) Components of Deferred Tax Asset		
(1) Sec. 43B items	2573.10	2635.18
(2) Provisions and others	1198.22	535.92
(3) Technical Know-how & Preliminary Expenses	352.08	-
(4) On incremental Gratuity Liability on account of increase in Gratuity limit to Rs.10 lakhs.	2660.26	-
Total (b)	6783.66	3171.10
(c) Net Deferred Tax Liability / (Asset) (a-b)	(3275.61)	46.84

11. Accounting Standard 26 (Intangible Assets)

Aggregate amount of Research and Development Expenses: (Rs. Lakhs)

Particulars	Current Year	Previous Year
Revenue Expenditure*	9196.04	3077.31
Capital Expenditure**	524.14	120.89

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

(a) Research and Development Revenue Expenditure

(Rs. Lakhs)

Expenditure in R&D included in	Current Year	Previous Year
Material Cost	590.97	65.98
Employee Remuneration	1655.59	1849.64
Depreciation	130.91	183.96
Power and Fuel	58.28	18.24
Repairs and Maintenance	57.36	42.65
Consumable Tools	13.36	71.43
Travelling	44.49	63.89
Other Expenses	686.71	781.52
Prototype held in WIP	3002.32	-
Cost of Sales of Prototype sold	2956.05	-
Total R&D Revenue Expenditure	9196.04	3077.31

Sale value of prototype sold - included in net Sales 2980.66

** The aggregate amount of Research and Development expenditure recognised as Capital expenditure till 31-3-2010 is as below:

(b) Research and Development Capital Expenditure

Details of Fixed Assets used for R & D purpose included in Schedule 5

(Rs. Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 31st March 2009	Additions during the year	Deductions / reclassifications and adjustments during the year	Cost as at 31.3.10	Provision upto 31st March 2009	For the year	Deductions / reclassifications and adjustments during the year	Provision upto 31.3.10	As at 31.3.2010	As at 31.3.2009
Roads and Drains	54.68	-	-	54.68	27.15	-	-	27.15	27.53	27.53
Water Supply Installations	12.60	-	-	12.60	12.31	-	-	12.31	0.29	0.29
Buildings	508.92	-	-	508.92	314.95	1.08	-	316.03	192.89	193.97
Plant, Machinery & Equipment	3,403.42	523.67	(4.77)	3,922.32	3,234.61	59.01	(4.77)	3,288.85	633.47	168.81
Electrical Installations	148.22	0.47	-	148.69	136.84	1.13	-	137.97	16.72	11.38
Office Furniture & Equipment	145.09	-	(0.13)	144.96	105.41	6.40	-	111.81	33.15	39.68
Transport Vehicles	30.75	-	-	30.75	20.40	0.68	-	21.08	9.67	10.35
TOTAL	4,303.68	524.14	(4.90)	4,822.92	3,851.67	68.30	(4.77)	3,915.20	907.72	452.01

Software acquired for internal use is not recognised as an asset since the recognition criteria prescribed in Paragraph 20 and 21 of AS26 are not met and hence treated as Revenue expenditure as in the earlier years.

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

The Joint Venture Company BEML Midwest Ltd., has not prepared its Financial statements as on 31.03.2010. As such disclosure requirements under AS-27 could not be complied with.

13. **Accounting Standard 28 (Impairment of assets)**

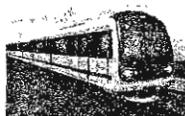
No Provision was considered necessary for impairment of assets as the realizable value of assets assessed by chartered engineer is more than the carrying cost of these assets.

14. **Accounting Standard 29 (Provisions, contingent liability and contingent assets)**

(a) **Obligations and Others**

(Rs. Lakhs)

Sl. No.	Particulars	As on 01/04/09	Additions	Utilization	Reversal	As on 31/03/10
1	Gratuity	535.19	9529.64	559.03	-	9505.80
2	Leave Salary	10681.70	2003.44	2045.20	-	10639.94
3	Wage revision	9845.72	3420.00	1251.45	-	12014.27
4	Pending legal cases	439.86	4.11	-	94.90	349.07
5	Warranty	3729.58	3431.25	3274.88	34.48	3851.47
6	Unexpired Obligation	3924.41	793.26	297.24	1551.55	2868.88
7	Contractual obligation	12688.88	-	-	2026.41	10662.47
8	Guaranteed Availability contract	633.25	-	-	-	633.25
9	Contingency provision	106.38	-	-	106.38	-
	Total	42584.97	19181.70	7427.80	3813.72	50525.15



BEML LIMITED

- (b) Counter guarantees given to banks for guarantees issued on behalf of the company is Rs. 53780.70 Lakhs. (Pr. Yr. Rs. 27522.14 Lakhs)
- (c) Claims against the Company not acknowledged as debts (net of provisions, to the extent ascertainable):
- Disputed statutory demands (Customs Duty, Central Excise, Service Tax) Rs. 7252.05 Lakhs (Pr. Yr. Rs. 10115.89 Lakhs).
 - Other claims is Rs. 2237.06 Lakhs (Pr. Yr. Rs. 2170.49 Lakhs).
- (d) Guarantee issued to bankers on behalf of BEML Midwest Ltd (Joint Venture company) Rs.1915.00 Lakhs (Pr. Yr. Rs. 1915.00 Lakhs).
- (e) Guarantees issued to bankers on behalf of Vignyan Industries Limited (subsidiary company) Rs. 750 Lakhs (Pr. Yr. Rs. 750 Lakhs).
- (f) A sum of Rs. 1034.95 Lakhs representing VAT applicable on Rail Coaches etc. under Sch.3 of Karnataka Value Added Tax Act, 2005 with effect from 1.4.2005 is not recognised as a liability in terms of Accounting Standard 29, since it is expected not to result in an outflow of resources from the company being subject to reimbursement by Railway Board.

NOTES:

- The company does not expect any re-imbursement in respect of above contingent Liabilities except (f).
- The cash flow in respect of matters referred to in (a) above is generally expected to occur within 2 years.
- The cash flow in respect of matters referred to in (b), (d) and (e) above is generally expected to occur within 3 years.
- It is not practicable to estimate the timing of cash flows, if any, in respect matters referred in (c) and (f) above pending resolutions of the arbitration / appellate proceedings/Claims reimbursement by Railway Board.

B. DISCLOSURE UNDER STATUTE

- Information required in terms of Part II of Schedule VI to the Companies Act, 1956:

Sl. No	Particulars	(Rs. Lakhs)	
		Current Year	Previous Year
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	8501.86	2784.17
2	Letters of Credit issued by banks on behalf of the Company	12414.63	11835.95
3	Earnings in foreign exchange on account of export (FOB basis) / Other income	13391.08	28278.93
4	Expenditure in foreign currency royalty, know-how, professional consultancy, consultation fee and others	969.01	1575.91



2. The information under MSMED Act, has been disclosed to the extent such vendors have been identified based on the certificates produced by them.
3. Depreciation rate adopted by the company in respect of following assets is significantly higher than the statutory minimum rates prescribed under the Companies Act, 1956.

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

4. The Company has been exempted by the Company Law Board vide letter dt.09.02.2010 from disclosure requirement relating to Licensed capacity, Installed capacity, Actual production and quantitative details as required by Part II of Schedule VI to the Companies Act, 1956.

C. GENERAL

1. ERP system:

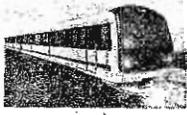
i) Change in costing methodology consequent to introduction of ERP

With the introduction of ERP system, stage level production orders are opened vis-à-vis batch work orders under the Legacy system.

The valuation of such stage level production orders are done on standard cost basis. There is a provision to review the cost and revise the same to bring it as close as possible to actual cost. Thus the closing stock of work-in-progress and finished goods though valued at standard cost are adjusted (including cost redistribution) to nearly the actual cost and the difference, if any, is not material.

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

- (ii) Provision towards Obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory as per ERP.
- (iii) Physically verified and reconciled inventory balances have been up-loaded in ERP at the time of migration to ERP. Physical verification has been done on a perpetual basis while reconciliation of the physical balance with ERP balance could not be on-line. No significant discrepancies have been noticed on subsequent reconciliation of physical balances as per



stock verification with ERP balances, considering the delay in recording of transactions, to the extent identified.

- (iv) Balances with Government Departments are subject to reconciliation and consequential adjustments, if any.

2. Sales

- (i) Sales include revenue recognised in terms of Accounting Policy No.4(i) representing Sales covered by Goods Carrier Notes amounting to Rs.12260.92 lakhs (Pr.Yr. Rs. 11985.80 lakhs) and Custodian Certificate cases amounting to Rs. 17560.76 lakhs (Pr. Yr. Rs. 5427.46 lakhs) for which necessary excise duty has been provided, where the equipments were lying in the Company premises as at 31/03/2010.
- (ii) Sales include revenue recognized in terms of Accounting Policy No.4(i) amounting to Rs.8660.16 lakhs representing sales on FOR Destination basis in respect of which the goods have been handed over to transporter on or before 31/03/2010 and are in transit as on 31/03/2010.
- (iii) Sales include Rs NIL lakhs (Pr.Yr.Rs. 3408.50 lakhs) revenue recognised in terms of Significant Accounting Policy 4(i) representing Sale of ACEMU Coaches stabled pending fitment of Wheel sets to be supplied free of cost by the customer.
- (iv) Sales include Rs. 58302.41 lakhs (Pr Yr. 8256.90 lakhs) representing revenue recognized under Accounting Policy No 4(ix) in respect of Metro coaches supplied to customer in terms of Supplementary Consortium Agreement dated 6.6.2008 entered in to between the Members of the Consortium authorizing the Company to make sale of whole of the scope under the main contract awarded to the Consortium and on which the terminal taxes and duties are being discharged by the Company under the applicable laws.

3. Inventories

- (a) Negative work orders amounting to Rs. 3488.37 lakhs (Pr.Yr. Rs. 2015.36 Lakhs) are reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on Cost of production for the F.Y.2009-10.
- (b) Includes materials lying with sub contractors Rs. 2469.95 lakhs (Pr. Yr. Rs. 2701.54 lakhs) and with customers for trials etc Rs. Nil lakhs (Pr.Yr. Rs. Nil). Of these, confirmation from the parties is awaited for Rs. 1638.90 lakhs.(Pr. Yr. Rs.768.66 Lakhs)
- (c) The identification of the value of Jigs (presently shown under Other Current Assets) to be disclosed under Fixed Assets as per the opinion of the Expert Advisory Committee of Institute of Chartered Accountants of India is pending/not feasible/not possible/ not practicable. However there will be no impact on the Profit and Loss Account as the company is amortizing the expenditure incurred (which would be equivalent to the depreciation to be charged) in terms of Accounting Policy No: 13(i).
- (d) Finished goods includes equipment worth Rs. 78.66 lakhs (Pr. Yr. Rs.78.66 lakhs) developed for the development of Radio Control Dozer and Disaster Management Equipment under Project funded by Technology Information Forecasting and Assessment Council (TIFAC) (a Government body), and presently held for demonstration. The funds received from TIFAC shown under liabilities are to be refunded in five equal installments in the event of commercial

production and in case of sale of technology, 50% of the sale value has to be refunded to TIFAC. None of the events have taken place as on the Balance Sheet date.

- (e) The company has received materials free of cost with no value indicated and is held in trust for utilisation in manufacture of their products only.

4. Fixed Assets:

- i) Includes expenditure on development of land at KGF (1849 acres and 5 guntas) received free of cost from Government of Karnataka
 - ii) Includes Cost of building valued at Rs. 26.82 lakhs (Pr. Yr. Rs. 26.82 lakhs) on lease with an option to buy for a nominal sum of Rs. 0.15 lakhs at the end of 99 years from the date of taking possession viz., February'83 / April'84.
 - iii) Includes cost of building pending registration / khatha transfer valued at Rs. 33.00 lakhs (Pr. Yr. Rs. 33.00 lakhs)
5. The total amount towards Lease / Sale of facilities, comprising mostly land, belonging to Bharat Gold Mines Limited (a company under orders of winding up by BIFR) is yet to be ascertained. The company has started utilizing the facilities from May 2005 and a sum of Rs.100 lakhs has been paid, which is included under capital work-in-progress (sch.6). As the nature of transaction is undecided no amount has been charged to the Profit and Loss Account till date. This amount is not likely to be material. The Company has incurred an expenditure of Rs.1133.65 lakhs (Pr. Yr. 786.87 lakhs) (Gross block) for civil works on the said land which is included in Schedule 6.

6. Follow on Public Issue

The company raised Rs.52675 lakhs through Follow on Public issue during 2007-08. The status of utilisation of issue proceeds as on 31st March 2010 is as follows:

Projects	Current Year Amount (Rs. Lakhs)	Previous Year Amount (Rs. Lakhs)
Capital Expenditure on Metro Coach facility, Wind Mill Project and Up-gradation of other facilities	28902.61	24493.42
Voluntary Retirement Scheme	1586.58	1359.27
R&D Centre of Excellence	900.00	900.00
Issue Expenses	1382.59	1382.59
General Corporate purpose	8278.45	8241.16
Green Field Project (*)	1982.68	-
Total	43032.91	36376.44

The unspent amount of Rs. 9642.09 Lakhs (Pr. Yr. Rs.16298.56 Lakhs) is deposited in short term fixed deposits with Scheduled Banks and is included in Schedule No: 10 Cash and Bank Balances.

- (*) Reappropriated out of Funds earmarked for VRS in FPO, as approved by 45th Annual General Meeting held on 25.09.2009.



7. (i) Sundry Debtors (include a sum of Rs. 31539.00 Lakhs outstanding for more than one year which in the opinion of management is realisable), advances, sundry creditors and deposits are subject to confirmation. There are certain old balances pending review/ adjustment. The Management does not expect any significant impact upon such reconciliation.
- (ii) Consequent upon receipt of Bulk Production clearance from the customer, no further provision has been made during the current year. Provision amounting to Rs.2026.41 lakhs has been withdrawn as no longer required out of the amount of contractual obligations provided in the Accounts amounting to Rs. 12688.88 lakhs on the basis of supplies made under the project since no further liability is anticipated on those supplies.

8. Inter Corporate Loans:

As on 31st March 2010, the company has received Rs.14166.00 lakhs from M/s. Coal India Ltd, against Company's Corporate guarantee, as a partial funding for a back to back financing of the term loan of Rs 7500.00 lakhs given by the company to M/s. JK Industries Ltd, and Rs. 7500.00 Lakhs to M/s. Apollo Tyres Ltd, (which is secured against first charge on the assets to be created by way of hypothecation in favour of the company). These back to back loans are for setting up of additional manufacturing facility for OTR tyres in order to ensure uninterrupted supply of such tyres for equipment to be supplied by the company to Coal India Ltd,. The loans received are disclosed under Unsecured Loans - Schedule 3A and loans are included under Loans and Advances Schedule 12.

9. Profit and Loss Account

◆ Break up of Remuneration to Auditors (Schedule 21):

(Rs. Lakhs)

Statutory Auditors	Current Year	Previous Year
(a) Towards Audit Fee	7.56	5.22
(b) Half yearly Audit fee	3.00	3.00
(c) Tax Audit Fee	2.10	2.10
(d) Limited review	3.00	3.00
(e) Other Services	3.19	2.21
Total	18.85	15.53

◆ Tax Deducted at Source on Income (Schedule 17)

(Rs. Lakhs)

Nature	Current Year	Previous Year
a) Interest on Call and Term Deposit from Banks	213.48	659.64
b) Inter Corporate Loans	125.68	-

10. Pending completion of legal formalities as per foreign laws, in respect of foreign offices/ companies, the expenditure incurred thereof has been recorded in the company's books of accounts.
11. Figures of previous year have been regrouped/ reclassified/ recast wherever necessary to conform to current year's presentation.

Refer our report of even date

For and on behalf of the Board of Directors

For **RAO ASSOCIATES**
Chartered Accountants

G. SUDHINDRA
Partner
Membership No.26171
FRN No. 003080S

M. PITCHIAH
Director (Finance)

V.RS. NATARAJAN
Chairman & Managing Director

Place : Bangalore
Date : 28.05.2010

M E V SELVAMM
Company Secretary



Auditors' Report on
Consolidated Financial Statements

Company's Reply

To the Board of Directors,

1. We have audited the attached consolidated Balance Sheet of BEML LIMITED and its subsidiary Vignyan Industries Limited as at 31st March 2010, the consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of its subsidiary whose financial statements reflect total assets (net) of Rs. 904.11 Lakhs as at 31st March 2010 and total revenues of Rs. 3477.33 Lakhs for the year ended on that date. This financial statement has been audited by other firm of Chartered Accountants whose report has been furnished to us and our opinion is based solely on the report of other auditor.
4. We report that the consolidated financial statements have been prepared by the

Addendum to the Directors' Report

**Auditors' Report on
Consolidated Financial Statements**

Company's Reply

Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

5. **Reference is invited to Note No. A-9, A-12, C-1 and C-7, Schedule 25 in respect of matters stated therein. The impact on accounts, if any, is at present not ascertainable.**

Note No. A-9:

Since BEML Participacoes Ltda (Name changed to BEML Brazil Industrial Ltda) is not a company as defined in the Companies Act, 1956 and is not having equity share capital but is having only quotas to which BEML Ltd has subscribed as per requirement of Brazilian laws to conduct business as an extended arm of BEML Ltd, in Brazil and hence treated as long term investment under Accounting Standard 13. The overseas entity has not prepared its Financial Statements as on 31-3-2010 and as such consolidation requirements, if any, under AS21 and AS23 could not be complied with.

Note No. A-12:

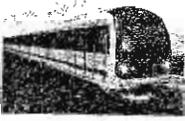
Since the JV company BEML Midwest Ltd has not prepared its Financial statements as on 31-3-2010 due to disturbance in operations, the disclosure requirements under AS-27 could not be complied with.

Note No. C-1:

Consequent to ERP implementation across the Company covering all operations including Marketing the variations in Costing methodology etc., as detailed in the Note, corrections, if any, will be carried out to the extent found material during FY 2010-11.

Note No. C7:

While the company has sought for confirmation and the same has been furnished only in a few cases. The realization and payment of dues subsequent to Balance sheet date are in support of financial statements in majority of cases subject to timing difference in accounting of customers and vendors.



Addendum to the Directors' Report

**Auditors' Report on
Consolidated Financial Statements**

Company's Reply

6. The recognition of sale in respect of the following items is not in accordance with Accounting Standard 9 issued by The Institute of Chartered Accountants of India:

- (i) Items covered under Note No: C (2)(i), Schedule 25 where, in our opinion, significant risks and rewards have not been passed on to the customers on or before 31st March 2010 on the lines expressed by the Expert Advisory Committee of The Institute of Chartered Accountants of India resulting in overstatement of Sales to the extent of Rs. 29821.68 Lakhs and Net profit before tax to the extent of Rs. 3943.78 Lakhs with consequential effect on Sundry Debtors & Inventories and

In respect of contractual obligations there is no additional liability since further supplies have been cleared by the customer in terms of bulk production clearance. Part of the provision has been withdrawn based on the supplies already made, since no further liability is anticipated on those supplies.

Reference is invited to the disclosure in Note No.C(2)(i), Schedule 25 forming part of Accounts. Further, it is stated that in respect of sales valued at Rs.29821.68 lakhs, the revenue recognition is consistent with past practice and is in line with the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, Legal Opinions and the relevant judgment of the Hon'ble Supreme Court of India.

The Company has taken initiatives with the Customers to specify "Ex-works" delivery conditions in their Purchase Orders in order to remove the ambiguity in interpretation as to the timing of transfer of risks and rewards of Ownership especially considering the fact that the transport and insurance arrangements are being made by the Company for and on behalf of Customers with the attendant costs and consequences. The Company under its open policy specifies the Customer/Consignee as the beneficiary under the Insurance Policy. In all these cases, the Customer reimburses the cost of transport and Insurance under express provisions in the contract. This practice of Revenue Recognition is not only in line with the Accounting Policy of the Company and the provisions of Indian Sale of Goods Act, 1930, but also accepted by Customers supported by the Custodian Certificates. In case of GC Notes Sales, efforts are being made with Customers to change the

Addendum to the Directors' Report

**Auditors' Report on
Consolidated Financial Statements**

Company's Reply

- (ii) **Certain cases where the significant risks and rewards of ownership in terms of the contract have not passed on to the buyer on or before 31st March 2010 resulting in overstatement of Sales by Rs. 8660.16 Lakhs and overstatement of Profit by Rs. 2754.70 Lakhs with consequential effect on Sundry Debtors and Inventories.**

7. **We further report that without considering the impact of items mentioned in Paragraph 5 above the effect of which is not presently ascertainable, had the observations made by us in Paragraph 6 above been considered:**

- (i) **Sales for the year would have been Rs. 317286.56 Lakhs instead of Rs. 355768.40 Lakhs reported by the company;**
- (ii) **Sundry Debtors would have been Rs.97591.91 Lakhs instead of Rs.136073.75 Lakhs reported by the company;**

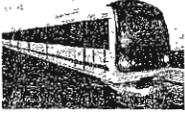
Payment term from "Payment on receipt of equipments" to "Payment against dispatch documents".

As against Rs.29821.68 lakhs recognized as sale for FY 2009-10 covered by GC and CC a sum of Rs.12560.39 lakhs have already been collected as on 24/06/2010.

In respect of sales valued at Rs.8660.16 lakhs disclosed vide Note No.C(2)(ii), Schedule 25 forming part of Accounts the revenue recognition is based on unconditional appropriation in line with the Accounting Policy as at 4(i). In terms of Section 23(1) of Indian Sale of Goods Act, 1930, the property in the Goods has been transferred to the Customers by unconditional appropriation of equipments in a deliverable state. In terms of Section 23(2) of the Act the unconditional appropriation is complete by delivering the goods to the Carrier without reserving the right of disposal. All the equipments have been dispatched to and received by Customers as on 24/6/2010. Further, a sum of Rs. 5968.23 lakhs have also been collected from Customers.

Accordingly, the Revenue Recognition amounting totally to Rs.8660.16 lakhs is in order.

In view of the above Sales, Sundry Debtors, Inventories, Net Profit before tax and Reserves and Surplus are as stated in the Financial Statements.



Addendum to the Directors' Report

**Auditors' Report on
Consolidated Financial Statements**

Company's Reply

- (iii) Inventories would have been Rs.194516.67 Lakhs instead of Rs.165965.17 Lakhs reported by the company;
- (iv) Net Profit Before Tax for the year would have been Rs. 25541.50 Lakhs instead of Rs. 32239.98 Lakhs reported by the company;
- (v) Reserves and Surplus would have been Rs. 193452.63 Lakhs instead of Rs. 200151.11 Lakhs reported by the company.
8. Based on our audit and on consideration of report of other auditor on separate financial statement and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 31st March 2010;
- (b) In the case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

For **RAO ASSOCIATES**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

(G. SUDHINDRA)
PARTNER
Membership No.: 26171
FRN No. 003080S

V. RS. NATARAJAN
Chairman & Managing Director

Place: Bangalore
Date: 28.05.2010