



47TH ANNUAL REPORT

2010-11

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Corporate Data*

(*As on 21.07.2011)

BOARD OF DIRECTORS :

Sri V RS Natarajan
Chairman & Managing Director
Shri P Dwarakanath
Director (Metro & Rail Business)
Shri M Pitchiah
Director (Finance)
Dr. M Nellaippan
Director (HR)
Shri C N Durgesh
Director (Mining & Construction Business)
Shri P R Naik
Director (Defence Business)
Smt. Rashmi Verma
Government Director
Dr. S C Pandey
Government Director
Shri M B N Rao
Independent Director
Shri J P Batra
Independent Director
Shri J P Singh
Independent Director
Dr. (Smt.) Rekha Bhargava
Independent Director
Lt. Gen. (Retd.) Noble Thamburaj
Independent Director
Shri Kanwal Nath
Independent Director
Shri Ramesh Bhat
Independent Director
Prof. S Sadagopan
Independent Director

COMPANY SECRETARY :

Shri M E V Selvam

CHIEF VIGILANCE OFFICER :

Shri Anurag Sahay, IRS

EXECUTIVE DIRECTORS :

Shri Krishna Reddy, AR
Shri Umesh Chandra
Shri Ganesh Natarajan
Shri Manish Singhal

CHIEF GENERAL MANAGERS :

Shri Chamola, VM
Shri Mulla, MA
Shri Prakash, HS
Shri Haldar, AK
Shri Narasimha Rao, P
Shri Prasad, S
Shri Ravi, S
Shri Venkataramana Rao, K
Shri Subramanyam Reddy, BR
Shri Vishwanatha, BR
Shri Pradeep Swaminathan
Shri Namperumal, L
Shri Nagaraj Kumar, PV
Shri Ashokan, D
Shri Pannoor Selvam, R
Shri Ramachandra Rao, C

GENERAL MANAGERS :

Shri Ramanaiah, KV
Shri Sinha, AK
Shri Venkataraman, S
Shri Lokhande, SS
Shri Nageshwara Rao, C
Shri Ravindra Rao, K
Shri Ravishankar, N
Shri Ashok Kumar
Shri Tiktik, SK
Shri Kalidhas Majhi
Shri Manjunath, BL

Shri Sastry, NVS
Shri Shiva Kumar, P
Shri Huddar, SB
Shri Venkatesan, S
Shri Krishna Murthy, KV
Shri Ravi Chander, G
Shri Joe Pulickel
Shri Chowdhury, RD
Shri Deshmanya, MD
Shri Muralidhara, RH
Shri Prasanna Kumar, TS
Shri Karuppasamy, M
Shri Suresh S Vastrad
Shri Satheesha, NV
Shri Amit Banerjee
Shri Hasainabha, UK
Shri Vinod Kumar Pareek
Shri Sreekumar Varma, TK
Shri Ravi Kumar, KS
Shri Mohanan, KP
Shri Kumaresan, S
Shri Krishna, BS
Shri Asit Kumar Nanda
Shri Piramanayagam, S
Shri Gurunatha Naik, HR
Shri Radhakrishna, KR
Shri Shankar, B
Brig. (Retd.) Ashwan Kumar Suri
Shri Sharadkumar, K. Kalagi
Shri Narayana Bhat, K
Shri Narayanayya Hasanadka
Shri Srinivasulu Reddy, S
Shri Raja Sekhar, MV

BANKERS :

State Bank of India
Canara Bank
State Bank of Mysore
State Bank of Patiala
Bank of India
Bank of Baroda
Union Bank of India
State Bank of Hyderabad
Indian Bank
Axis Bank
Exim Bank
HDFC Bank
IDBI Bank

LEGAL ADVISORS :

M/s JustLaw
Bangalore
M/s Sundararaj & Ramdas
Bangalore

TAX CONSULTANTS :

M/s King & Patridge
Bangalore

AUDITORS :

M/s Padmanabhan Rangan & Ramanujam
Chartered Accountants
Chennai

OFFICES :

**Registered, Corporate Office,
International Business Division
& Technology Division :**
"BEML SOUDHA" 23/1,
IV Main, Sampangiramnagar,
Bangalore-560 023

Trading & Marketing Division :

5th Floor, Unity Buildings
J.C. Road, Bangalore-560 002

UNITS :**Bangalore Complex :**

P B No. 7501
New Thippasandra Post
Bangalore - 560 075

KGF Complex :

BEML Nagar, Kolar Gold Fields - 563 115

Mysore Complex :

Belvadi Post, Mysore-570 018

Palakkad Complex :

KINFRA Park, Menon Para Road
Kanjikode East, Palakkad - 678 621

Subsidiary Company :

Vignyan Industrial Limited
PB No. 4, BH Road, Tankere - 577 228

Joint Venture Company :

BEML Midwest Limited
Srinivasa Nilayam, 8-2-684/3-55
Banjara Green Colony,
Road No. 12, Banjara Hills
Hyderabad - 500 034

ZONAL OFFICES :

Bilaspur
Hyderabad
Kolkata
Singrauli

REGIONAL OFFICES :

Bilaspur
Chennai
Hyderabad
Kolkata
Mumbai
Nagpur
New Delhi
Ranchi
Sambalpur
Singrauli

DISTRICT OFFICES :

Asansol
Ahmedabad
Bacheli
Bhilai
Bhubaneswar
Chandrapur
Dhanbad
Guwahati
Hospet
Jammu
Kothagudem
Madurai
Neyveli
Panjim
Ramagundam
Udaipur
Visakhapatnam

Ongole (Service Activity Centre)
K.D. Hosalong (Project Office)
Meghalayaburi, W.B. (Depot)
Nagpur, Global Service HQ

OVERSEAS OFFICES :

Brazil
China
Malaysia
Indonesia

Financial Highlights

Sl. No.	PARTICULARS	UNITS	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
A	Our Earnings									
	Sales-Inland	Rs. lakh	340602	340142	270913	251272	249106	214435	179745	171316
	Export	Rs. lakh	21750	15625	30434	20062	11073	6149	5856	5259
	Total Sales	Rs. lakh	362352	355767	301347	271334	260179	220584	185601	176575
	Change in WIP/SIT	Rs. lakh	14508	15099	28072	11360	(1104)	(2486)	2994	(7388)
	Value of Production	Rs. lakh	376860	370866	329419	282694	259075	218098	188595	169187
B	Our Outgoings									
	Cost of materials	Rs. lakh	165588	180084	185089	160957	148403	124191	103505	105319
	Emp. Rem. & Benefits	Rs. lakh	68315	55514	56919	44672	36379	33357	35616	34678
	Depreciation	Rs. lakh	3364	3222	2731	1770	1352	1412	2299	1829
	Other Expenses (net)	Rs. lakh	38023	36996	31852	31114	28510	21991	27052	29191
	Interest	Rs. lakh	5863	4893	3368	2309	561	726	179	148
C	Our Savings									
	PBDIT	Rs. lakh	27902	40070	44846	38880	33517	30680	29758	6995
	PBIT	Rs. lakh	24538	36848	42115	37110	32165	29268	27459	5166
	PBT	Rs. lakh	18675	31955	38747	34801	31604	28542	27280	5018
	PAT	Rs. lakh	14976	22285	26884	22565	20493	18693	17528	2417
D	Own Capital									
	Equity	Rs. lakh	4177	4177	4177	4177	3687	3687	3687	3687
	Reserves and surplus	Rs. lakh	209727	199607	187360	166393	99661	84284	69781	56437
E	Loan Capital									
	Loans from GOI	Rs. lakh	—	—	—	—	—	—	—	—
	Loans from Banks	Rs. lakh	67622	75305	47091	30327	2557	2488	7491	3148
	Other loans	Rs. lakh	14090	15550	9673	—	—	—	—	180
F	Financial Statistics									
	Net worth	Rs. lakh	213904	203639	190708	169176	101459	85390	69439	56888
	Gross Block	Rs. lakh	94543	79871	74951	68028	59643	56512	54395	54334
	Depreciation	Rs. lakh	55590	52484	49402	46970	45257	43992	42738	40949
	Inventories	Rs. lakh	188891	165300	162058	92958	72928	64908	62080	57327
	Sundry Debtors	Rs. lakh	128753	136074	154527	149606	90426	77021	60820	44356
	Working capital	Rs. lakh	243281	259646	218771	174884	86676	73460	64658	47933
	Capital Employed	Rs. lakh	282234	287033	244320	195942	101062	85980	76315	61318
	Value of Production	Rs. lakh	376860	370866	329419	282694	259075	218098	188595	169187
	Value added	Rs. lakh	129182	132480	136073	121737	110672	93907	85090	63868
	Dividend-Excl. Tax	Rs. lakh	4164	4164	4997	4997	4409	3674	3674	735
	R&D Expenditure	Rs. lakh	9433	9720	3198	1926	1805	1914	1687	1498
	No. of Employees	Nos.	11798	12052	12600	12286	11748	11975	12189	12922
G	Financial Ratios									
	Sales per Employee	Rs. lakh	30.71	29.52	23.92	22.08	22.15	18.42	15.23	13.66
	Value Added per Employee	Rs. lakh	10.95	10.99	10.80	9.91	9.42	7.84	6.98	4.94
	PBT to Sales	%	5.15	8.98	12.86	12.83	12.15	12.94	14.70	2.84
	PBIT to Capital employed	%	8.69	12.84	17.47	18.94	31.83	34.04	35.98	8.42
	PAT to Net worth	%	7.00	10.94	14.10	13.34	20.20	21.89	25.24	4.25
	Debt Equity ratio	Times	19.56	21.75	13.59	7.26	0.69	0.67	2.03	0.90
	EPS	Rs.	35.96	53.51	64.56	56.10	55.77	50.87	47.70	6.58
	Dividend	%	100.00	100.00	120.00	120.00	120.00	100.00	100.00	20.00
	Turnover to Capital employed	%	128.39	123.95	123.34	138.48	257.44	256.55	243.20	287.97



Financial Highlights

Sl. No.	PARTICULARS	UNITS	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
A	Our Earnings										
	Sales-Inland	Rs. lakh	165972	130872	119760	99469	120210	118782	110755	98598	97758
	Export	Rs. lakh	2145	11543	14980	32240	1052	7189	6224	2512	4355
	Total Sales	Rs. lakh	168117	142415	134740	131709	121262	125971	116979	101110	102113
	Change in WIP/SIT	Rs. lakh	5899	1195	(423)	(2324)	3153	2626	1228	2098	(7982)
	Value of Production	Rs. lakh	174016	143610	134317	129385	124415	128597	118207	103208	94131
B	Our Outgoings										
	Cost of materials	Rs. lakh	111449	90318	79540	77685	73738	74787	70428	60516	56132
	Emp. Rem. & Benefits	Rs. lakh	33407	32562	36662	26349	24132	21808	17781	16973	14912
	Depreciation	Rs. lakh	1930	2214	2340	2679	2572	2458	2541	2540	2512
	Other Expenses (net)	Rs. lakh	31231	19171	15946	16897	17552	19945	15853	12139	11836
	Interest	Rs. lakh	300	2226	3120	6399	8878	10074	11004	10244	9102
C	Our Savings										
	PBDIT	Rs. lakh	6017	5741	6525	11438	11722	14137	16661	15030	13064
	PBIT	Rs. lakh	4087	3527	4185	8759	9150	11679	14120	12490	10552
	PBT	Rs. lakh	3787	1301	1065	2360	272	1605	3116	2246	1450
	PAT	Rs. lakh	2610	535	600	1460	62	1065	1616	1246	1050
D	Own Capital										
	Equity	Rs. lakh	3687	3687	3687	3687	3687	3687	3687	3686	3683
	Reserves and surplus	Rs. lakh	54827	55978	55689	55497	54937	54877	54620	53615	52645
E	Loan Capital										
	Loans from GOI	Rs. lakh	—	—	—	—	1440	2525	3660	4825	6010
	Loans from Banks	Rs. lakh	3130	27255	23471	37537	47305	41466	42419	35842	19746
	Other loans	Rs. lakh	220	2778	6288	10855	22951	27247	25780	26562	40704
F	Financial Statistics										
	Net worth	Rs. lakh	53219	55559	55700	57774	57752	56922	56802	55622	55198
	Gross Block	Rs. lakh	53425	52851	52695	52199	50618	49708	45815	44792	44143
	Depreciation	Rs. lakh	39213	37648	35805	33509	31058	28613	26267	23761	21325
	Inventories	Rs. lakh	74850	63886	63868	61079	67961	65732	60605	62267	49248
	Sundry Debtors	Rs. lakh	49418	56730	52067	52016	60665	61882	71443	60199	55582
	Working capital	Rs. lakh	43454	69190	67512	86838	108655	106510	107298	101287	98562
	Capital Employed	Rs. lakh	57666	84393	84402	105528	128215	127605	126846	122318	121380
	Value of Production	Rs. lakh	174016	143610	134317	129385	124415	128597	118207	103208	94131
	Value added	Rs. lakh	62567	53292	54777	51700	50677	53810	47779	42692	37999
	Dividend-Excl. Tax	Rs. lakh	735	441	368	735	—	737	737	553	460
	R&D Expenditure	Rs. lakh	1754	1823	1550	1372	1194	1230	1075	1039	1062
	No. of Employees	Nos.	13116	13838	14357	15117	15471	15349	15540	15718	16102
G	Financial Ratios										
	Sales per Employee	Rs. lakh	12.82	10.29	9.38	8.71	7.84	8.21	7.53	6.43	6.34
	Value Added per Employee	Rs. lakh	4.77	3.85	3.82	3.42	3.28	3.51	3.07	2.72	2.36
	PBT to Sales	%	2.25	0.91	0.79	1.79	0.22	1.27	2.66	2.22	1.42
	PBIT to Capital employed	%	7.09	4.18	4.96	8.30	7.14	9.15	11.13	10.21	8.69
	PAT to Net worth	%	4.90	0.96	1.08	2.53	0.11	1.87	2.84	2.24	1.90
	Debt Equity ratio	Times	0.91	8.15	8.07	13.13	19.45	19.32	19.49	18.24	18.05
	EPS	Rs.	7.10	1.46	1.63	3.97	0.17	2.88	4.37	3.37	2.84
	Dividend	%	20.00	12.00	10.00	20.00	—	20.00	20.00	15.00	15.00
	Turnover to Capital employed	%	291.54	168.75	159.64	124.81	94.58	98.72	92.22	82.66	84.13

Directors' Report

The Directors have pleasure in presenting the 47th Annual Report and Audited Accounts for the year ended 31.03.2011.

FINANCIAL RESULTS

(Rs. crores)

Particulars	2010-11	2009-10
Sales (Gross)	3623.52	3557.67
Value of Production	3768.60	3708.66
Profit (Before Depreciation, Interest and Tax)	279.02	400.70
Interest	58.63	48.93
Depreciation	33.64	32.22
Profit Before Tax	186.75	319.55
Provision for Taxation	36.99	96.70
Profit After Tax	149.76	222.85
Profit available for appropriations	399.40	320.64
APPROPRIATIONS :		
Proposed Dividend	41.64	41.64
Dividend tax	6.92	7.08
General Reserve	14.98	22.28
Profit & Loss Account	335.86	249.64
Net Worth	2139.04	2036.39

TURNOVER AND PROFITABILITY

Your Company attained an all time high turnover of Rs.3,623.52 crores, an increase of Rs.65.85 crores registering a growth of 1.85% over the previous year. The value of production was Rs.3,768.60 crores recording an increase of about 1.62% over the previous year. Despite the increase in sales volume, the Profit Before Tax was Rs.186.75 crores as against Rs.319.55 crores recorded in the previous financial year. The reduction in profit was mainly on account of implementation of wage revision for employees, change in product mix propelled by the market demand, lesser quantum of sales of spares coupled with severe competition that had exerted pressure on margins. However, Company has initiated steps to maximize the profits.

DIVIDEND

The Board of the Company has recommended a dividend of Rs. 10 per share i.e., 100% on the

Paid-up Equity Share Capital for the year 2010-11 keeping in view the past performance and future prospects and simultaneously meeting the aspirations of the shareholders.

EXPORTS

International Business Division of the Company has achieved a turnover of Rs. 217.50 crores (including Trading) as against Rs. 156.25 crores in the previous year recording a growth of 39.2% over previous year. The international presence of the Company has increased to about 58 countries including African countries viz., Kenya, Mali, to which entry was made during the year.

QUALITY

The year 2010-11 was observed as "Year of Quality" wherein necessary drive was undertaken to strengthen the 'quality team', to focus on quality, under the changed business environment and work towards building world class equipment so that the Company's 'Vision' of becoming 'Global market leader' is achieved. The measures taken up during the year are briefed below :

a. Quality Management System :

All manufacturing divisions have been updated to ISO9001-2008 Quality Management System (QMS) certification. KGF, Bangalore and Mysore Complexes are certified for ISO14001-2004 Environmental Management System (EMS). Also, the Bangalore Complex is certified for BS OHSAS 18001-2007 Integrated Management System. Having diversified into Aerospace Division, Engine Division, Mysore Complex is certified for AS9100B Aerospace certification. Laboratories at R&D, KGF and Engine Division, Mysore continue to hold NABL accreditations.

Company's new manufacturing unit at Palakkad, Kerala has also successfully implemented and obtained ISO9001-2008 QMS Certification.



Consultancy services of M/s. NIQR, Chennai were engaged for study and review of the existing Quality Management System followed by Divisions, and to submit the recommendations. Task force teams have been formed to take forward and ensure effective implementation of the recommendations made by NIQR.

b. Quality Improvement :

To enhance the existing quality level, deviation approval system was withdrawn at divisional level thus avoiding re-works/deviations at divisions. Professional expertise are being sought for guidance to analyze the bottleneck areas and to assure quality in critical areas like welding, fabrication, painting, oil testing, etc.

Concept of 5S, Kaizen and Quality Circles are practiced at grass root level throughout the Company to bring in continual improvements in product and process quality. To motivate the activity, our annual event 'BEML-Nonimara Award' Competition is being conducted and the winning teams are deputed for regional/national level competitions where our teams have achieved recognition as meritorious performers. Six-Sigma process approach is in place at all Divisions with 75 Black Belts working on various projects.

During the year, Quality Circle Team "WHEEL" of Earthmoving Division, KGF Complex has been conferred with the life time award by M/s. QCFI as the "Longest & Active Quality Circle". The prize has been awarded after the recommendation from the Evaluation Committee of M/s. QCFI, who visited KGF Complex for interaction and evaluating the QC team.

c. Vendor Development :

As vendor supplied items form the major share of the components that go into building up of the equipment, utmost care is taken right from the inclusion of vendor till clearance of their

supplies for further assembly. Periodical visits are made and necessary inputs and expert guidance in respect of process/system improvements are given to the vendors' right from development stage to ensure quality in their supplies. To enhance the overall performance of vendor supplied items, the services of third party inspection agencies are engaged for carrying out source inspection at vendors' premises and also to carry out surveillance inspection of items received at all Divisions.

To motivate vendors and to make these self-reliable, dedicated vendors are identified based on their performance and encouraged by awarding "Self Certification" status for their supplies. "Cluster Vendor" concept - an idea to handhold and transform the vendor as "Zero Defect" supplier is practiced with few identified vendors by giving inputs with regard to the non-conformances observed in the supplies made, and necessary guidance in the areas covering technological aspects, skill improvement and quality initiatives like 5S, Kaizen etc.

d. Customer Satisfaction :

To ensure higher equipment availability and reliability, 'Task Force' comprising of Apex and Action drive teams are formed at KGF and Mysore Complexes to address the performance related issues pertaining to BH100/BG825/BE1600/BE1000 equipments available in the field. Action drive teams visited customers for implementation of improvements in BH100/BG825.

Minimum number of test hours have been stipulated for all models of Mining & Construction Equipments to take care of any possible errors which otherwise would have passed on to field/customer.

Also, to further with a view to enhance the customer confidence, third party inspection is being introduced at Earthmoving and Equipment Divisions for inspection and

clearance of the Mining & Construction equipment at the final stage before despatching it to the customers.

e. Technology Up-gradation:

Quality Engineering personnel at all levels are deputed to various training/seminar programmes covering topics in areas of technological updates and data analysis tools which are essential for taking up quality improvement projects.

During the year, the services of M/s TQM International are engaged for Six Sigma Black Belt training and project guidance. 22 Black Belts across divisions have been trained and are all working on projects.

RESEARCH & DEVELOPMENT

The Company's Research & Development Centre continues to play a vital role in the design and development of products, critical aggregates, indigenization activity etc. During the year, R&D has developed BA10 Aircraft Towing Tractor with front cabin, GRAD BM21 MBRLS on special 6x6 Chassis, field artillery tractor for towing of heavy artillery guns, High mobility vehicle on 6x6 chassis integrated with material handling crane, Broad Gauge Catenary Maintenance Vehicle for DMRC and 8W Catenary Maintenance Vehicles.

The information on R&D, Technology Absorption, Adaptation and Innovation is at Annexure-I.

FINANCE

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

The Company's contribution to exchequer was in the order of Rs. 657.92 crores during the year by way of Excise Duty, Customs Duty, Sales Tax, Income Tax, Wealth Tax, Service Tax and Cess.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company's export earning stood at Rs.179.37 crores. The total foreign

exchange utilized during the year was Rs.652.67 crores.

A sum of Rs.2.02 crores was incurred towards deputation of personnel abroad for business/ export promotion, after-sales-services and training.

FIXED DEPOSITS

The Company has not accepted / renewed any fixed deposits during the year.

VIGILANCE

The Company has an independent Vigilance Department headed by a Chief Vigilance Officer. The Vigilance Department of the Company functions on the premise that well laid down systems and procedures and their meticulous follow up are bound to pave way for the corporate growth. Regular inspections, surprise checks, scrutiny of purchase/contract files are part of these exercises which helped in streamlining systems and procedures and ensure greater transparency and accountability in decision-making. Carrying out system audits and system improvement studies as well as regular awareness cum sensitization programs have been inbuilt in the functioning of the department. These efforts were found to be useful in identifying the loopholes in the systems and procedures and their correction/ improvement. In addition, the Vigilance Department has made available a window in the Company's website for the stakeholders/ shareholders to lodge complaints.

Nevertheless, the Vigilance Department ensures that the Company adheres to the guidelines/ instructions issued by Central Vigilance Commission (CVC) from time to time in maintaining probity.

In nutshell, the conscientious functioning of the Vigilance Department has supported the Company in its enhanced efficiency combined with the code of accountability.

CORPORATE GOVERNANCE

A report on Corporate Governance including Management Discussion and Analysis Report along with a compliance certificate from the Auditors as required under the Listing Agreement



entered into with the Stock Exchanges is annexed to this report.

SUBSIDIARY COMPANY

M/s Vignyan Industries Limited (VIL) achieved a turnover of Rs.33.82 crores and value of production of Rs.35.68 crores during the year. It incurred a loss of Rs.1.60 crores, mainly due to the delay in stabilization of the expansion process for shifting from traditional "CO₂" to "no-bake" system and non-availability of quality sand due to heavy and unprecedented rainfall.

The statement and particulars relating to VIL, pursuant to Section 212 of the Companies Act, 1956 is attached.

In accordance with Section 212(8) of the Companies Act, 1956, your Company has been exempted from attaching the Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report, etc., of the subsidiary Company to the Balance Sheet of BEML Limited as per Government of India order No.51/12/2007-CL-III, dated 08.02.2011 issued under General Circular No.2/2011. However, the Company will make available these documents upon request by any member of the Company.

JOINT VENTURE COMPANY

A JV Company, M/s BEML Midwest Limited incorporated on 18th April, 2007 at Hyderabad with BEML having 45% share, M/s Midwest Granite Pvt. Ltd., and P T Sumber Mitra Jaya of Indonesia as partners with 55% share. The Company has been established to capitalize the growing business opportunities in the mining segment. However, due to certain unauthorized transactions and the oppression and mismanagement by the nominees of Midwest Granite Pvt. Limited, BEML has filed a petition u/s 397 and 398 of the Companies Act, 1956 seeking suitable relief, and the matter is pending before the Hon'ble Company Law Board.

MICRO, SMALL AND MEDIUM ENTERPRISES

The Micro, Small and Medium Enterprises continue to get support and preference from BEML

wherever there is shortage of in-house capacity. The company extends technical guidance and requisite support to these industries wherever required. Our quality control personnel visit the industries to assist and ensure that the quality of the products meet the requisite standards.

During 2010-11, the Company procured items worth Rs. 363.24 crores from the said category of units.

RAJBHASHA

- ◆ Your Company ensured compliance of the Official Languages Act, 1963 and the Rules made thereunder and administrative instructions regarding use of Hindi received from the Department of Official Language and Ministry of Defence from time to time.
- ◆ Hindi training for all the three courses viz., Prabodh, Praveen and Pragya under Hindi Teaching Scheme of Ministry of Home Affairs, Department of Official Language were arranged at Corporate office, all Complex offices and few Regional/District offices. A total of 271 employees have been trained during the year.
- ◆ Five officials of the Company have been trained in Computer Training programme in Hindi organised by National Informatics Centre in collaboration with Central Hindi Training Institute, Ministry of Home Affairs.
- ◆ To inculcate interest and efficiency among the staff, 13 Hindi workshops were organized for 192 employees at Corporate Office and Business Complex Offices during the year.
- ◆ Hindi Month was observed with great zeal in the Corporate Office, all the Business Complex Offices and Regional offices of Hyderabad, Mumbai and Chennai from 1st to 30th September, 2010. During this period, to motivate the employees, competitions viz. Hindi Antakshari, Hindi Quiz, Hindi Crossword and Noting & Drafting, were organized and the winners of these

competitions were awarded. Further, Hindi Day i.e. 14th September, 2010 was observed in accordance with the guidelines issued by the Ministry of Defence and Department of Official Language, Ministry of Home Affairs. Further, Hindi Month was observed with two days Hindi Conference held at Mumbai on 29-30th September, 2010 in which 23 participants from Western Regional offices/District offices participated in the Conference.

- ◆ During the period, all translation work and Hindi typing work relating to Annual Reports, Technical Reports, MoUs, Reports on SC/ST, RTI, Reservation policy, Standing orders, Product Profiles, Advertisement Materials and Standard Forms was attended to with full efficiency and dedication.
- ◆ All the sign boards outside the premises of the Company displayed tri-lingually i.e. Kannada (Regional Language), Hindi and English and the name plates which are displayed within the premises of the Company are also in tri-lingual form.
- ◆ A session on “Official Language Policy” is included in all in-house training programmes.
- ◆ Hindi Library is functioning in Corporate Office with good number of Hindi Books and Hindi periodicals. Hindi Dictionaries, Administrative Glossaries, Help-literatures are supplied to the staff to encourage them to do official work in Hindi.
- ◆ Website of BEML is made available in Hindi also.

AWARDS

- ◆ Public Relations Council of India (PRCI), a premier body of the Public Relations and Communication Professionals has bestowed the prestigious 'Chanakya Award' on CMD, Shri V RS Natarajan, on 03.04.2010, for having steered the Company to

unprecedented levels of success both in business operations as well as territorial expansions.

- ◆ The Second Dalal Street Investment Journal (DSIJ) PSU Award-2010 held at New Delhi on 6th April 2010, BEML has been bestowed with “Wealth Builder-Miniratna-Manufacturing” Award under percentage surge in Market Cap category.
- ◆ The Heavy Fabrication Unit (HFU) of BEML at KGF Complex has been adjudged as 'Winner' in the National Safety Awards (performance year 2008) under Scheme-V (Lowest Average Frequency Rate) and Scheme-VI (Accident Free Year) and received the award on 27.10.2010 from Ministry of Labour & Employment, Government of India.
- ◆ BEML has won the prestigious Raksha Mantri's Institutional Award for Excellence in Performance (FY 2008-09) and Group award for Design Efforts for design and development of Intermediate Cars for Delhi Metro RS4 Project, on 10.11.2010.
- ◆ BEML was conferred with the prestigious SCOPE Award - Medium PSE Category for the year 2008-09 on 15.12.2010 by Ministry of Heavy Industries & Public Enterprises for Excellence and Outstanding Contribution to Public Sector Management.
- ◆ BEML was bestowed with EEPIC INDIA Award for outstanding contribution to engineering exports (FY 2008-09) by Engineering Export Promotion Council on 22.12.2010.
- ◆ BEML was bestowed with the Aerospace & Defence Award under the category 'Excellence in Technology Awards' for the snow cutter. This was instituted by SAP Media Publications, an internationally renowned business magazine in the field of Aerospace on 08.02.2011.



- ◆ BEML had received the Public Relations Council of India Award for "Best Wall Calendars" at the Global PR Conclave-2011 on 17-18th March, 2011 at Chandigarh.
- ◆ BEML was bestowed with two awards, one is 'Game changes for diversification' and the other 'R&D and enhanced global presence' instituted by Dalal Street Investment Journal in its 'India's best Public Sector Enterprises-2011' on 21.04.2011 at New Delhi.
- ◆ As per the survey, commissioned by the Economic Times, Corporate Dossier magazine and conducted by IMRB International, Shri VRS Natarajan, Chairman and Managing Director of the Company, has been ranked at 77th position in the list of 'India INC's most powerful CEOs-2011', published in the Economic Times on 29.04.2011.

MANPOWER

The manpower strength as on 31st March, 2011 stood at 11,798 as against 12,052 of the previous year.

Representation of SC/ST and Ex-Servicemen category-wise as on 01.01.2011 and recruitment made are as under :

Representation of SC/ST/Ex-Servicemen as on 01.01.2011

Category/ Group	Total Strength As on		No. of SC/ST and Ex-servicemen					
			Scheduled Caste		Scheduled Tribe		Ex-Service Men	
	1.1.10	1.1.11	1.1.10	1.1.11	1.1.10	1.1.11	1.1.10	1.1.11
Group-A	1443	1383	213	207	41	41	9	8
Group-B	1223	1405	208	245	62	72	9	11
Group-C	8983	9049	1943	1919	356	344	313	343
Group-D	94	67	43	29	4	3	-	-
Total	11743	11904	2407	2400	463	460	331	362

Recruitment during 2010

Group	General	OBC	SC	ST	EX-S	TOTAL
A	21	2	2	1	1	26
B	123	89	35	11	-	258
Total	144	91	37	12	1	284

HUMAN RESOURCES DEVELOPMENT & INDUSTRIAL RELATIONS

The HR Department identified several thrust areas for continuously updating technical/professional knowledge and skills of employees and bring about attitudinal changes in fostering a performance driven work culture in all areas of operations particularly at shop floors. During the year, the Company organized several in-house and external training programs for 13,402 employees covering 30,691 man-days.

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

CORPORATE SOCIAL RESPONSIBILITY / SOCIAL WELFARE

- ◆ BEML Limited provides opportunity to such of the unskilled Contract Labourers who are literates, by extending on-Job skilled training to consider them for regular employment.
- ◆ Extension of out-patient medical facilities to ex-BGML employees and their families by deputing a doctor and 2 para-medical staff to the areas of Marikuppam, Champion Reef and Oorgaam and medicines are dispensed free of cost for general illness.
- ◆ Provided medical treatment through Company's medical centres and dispensaries to the common public dwelling in the adopted village of Dasarahosahalli at KGF.
- ◆ BEML runs one Junior College, and Nursery School at KGF and one Nursery School at Bangalore. These Institutions not only meant for BEML employees children, it also caters to a large extent to the local population. In addition, BEML runs a Kendriya Vidyalaya Project School at KGF by providing school building with infra-structure facilities, mid-day meal programme and other facilities.
- ◆ BEML has extended facilities viz., school building, furniture and other infrastructure

and one attender for mid-day meal programme and night watchman to Government English Higher Primary School at KGF.

- ◆ The Company has extended all help and support to the Labour Welfare Fund (LWF) functioning in the production units for the benefits of Employees, their dependants and local population. The LWF had conducted training programmes in Tailoring, Computer, Typing / Shorthand course, Diploma course in Laboratory Technology, Job Oriented Courses, Music/Dance classes, spoken English Course, Summer camps for art/painting and sports and various entertainment activities during the year.
- ◆ Company has sponsored a scheme for award of Scholarship to the SC/ST students pursuing full time undergraduate Engineering course in Engineering Institutions all over the country. The scheme also aims at providing employment to students who successfully complete the Engineering programme.
- ◆ Your Company has adopted four children from the United Physically Handicapped School of Coimbatore and decided to continue the adoption till the children can be employed suitably under PH quota / services to orphans and unsupported.
- ◆ Your Company has taken up Development of Parks in BEML Housing Co-operative Society layout at Mysore. Company has also proposed to develop parks in BEML Housing Co-operative Society layouts Stage-I and Stage-II at Mysore. In pursuance of this, Company will share 60% and the balance 40% of the total cost will be borne by BEML Housing Co-operative Society Ltd, Mysore.
- ◆ Your Company has taken up planting of avenue trees from Hootagalli to Paper Mills Circle (KRS Road in front of BEML

premises) and from Engine Division Corner to Infosys Circle, Mysore.

PARTICULARS OF EMPLOYEES

There were no employees of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, read with the Companies (Particulars of Employees) Rules, 1975.

ENVIRONMENT AND POLLUTION CONTROL

In order to protect the environment in and around the factory premises/township, tree plantation were undertaken. Saplings of various types of avenue tree/flower bearing trees were planted in the vacant lands belonging to the Company for maintaining ecological balance in the surrounding areas. Further, measures have also been taken to protect the existing flora and fauna from any basic interference.

Effluent treatment plants have been constructed inside the factory premises of the Production Units for treatment of domestic/industrial effluents. Further, treatment plants/oxidation ponds for treatment of natural process of treating effluents have been installed in various locations inside the factory and township. Treated effluent water is being utilized by the Landscaping Department in the production units. Artificial tanks have been constructed in Manufacturing Complexes to harvest rain water, restrict soil erosion and to raise ground water level. Storage yard facility for Hazardous waste at salvage stores in the Divisions is constructed as per ISO 14001 requirements.

In a bid to harness renewable energy, the Company commissioned a 5 MW Wind Mill during the year 2007-08 in Gadag District of Karnataka. The energy generated by the plant is fed into the KPTCL grid and sold to Hubli Electricity Supply Co. Ltd., (HESCOM) and as of 30.06.2011, 332.28 lakh Kwh power has been generated enabling green



house gas reduction. Further, your Company is contemplating to setup an additional 18 MW Wind Mill Farm to develop green energy towards being self sufficient on power requirements.

ENERGY CONSERVATION

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

1. One portable air compressor of 4 KW in place of 55 KW capacity motor has been replaced to meet the requirement of heat treatment shop furnaces.
2. Introduction of 2 Nos. 5000 litres capacity solar water heating system in Workers Canteen for pre-heating of water at 60° centigrade.
3. Replacement of Inverter welding sets (18KW) in place of old type Kirloskar make Motor Generator welding set of 30KW.
4. Introduction of 150W metal halide high bay fitting for street lights in place of 800W HPMV lamp at various places in the unit premises.
5. Reduction of HSD generation by optimizing utilization of grid power.
6. Usage of CFL lamps in the production area and in office building.

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

STATUTORY AUDITORS

M/s. Padmanabhan Ramani & Ramanujam, Chartered Accountants, Chennai, were appointed

by Comptroller & Auditor General of India as Statutory Auditors for the year 2010-11.

Reply of the Board of Directors to the observations made in the report of the Auditors on the Accounts are given in the addendum to this report.

COST AUDITORS

Your Company has appointed the following firms as Cost Auditors with the approval of Central Government:

- (i) M/s Rao, Murthy & Associates for 'Heavy Earth Equipments', and
- (ii) M/s AGI & Associates for 'IC Engines'.

DIRECTORS

- ◆ The President of India has appointed Smt. Rashmi Verma, Joint Secretary (Land Systems), Ministry of Defence on 09.11.2010 as Government Nominee Director on the Board of the Company in place of Shri V Somasundaran. The President of India has also appointed Dr. S C Pandey, Addl. Financial Adviser & Joint Secretary, Ministry of Defence with effect from 07.06.2011 as Government Nominee Director in place of Shri PK Mishra.
- ◆ Dr. (Smt.) Rekha Bhargava, Lt. Gen. (Retd.) Noble Thamburaj, Shri Kanwal Nath, Shri Ramesh Bhat, Prof. S Sadagopan were appointed as Independent Directors of the Company with effect from 09.11.2010.
- ◆ Shri M Poongavanam, Director (Mining & Construction Business) relinquished the office of Director on 28.02.2011 consequent upon his superannuation and Shri C N Durgesh has been appointed as Director (Mining & Construction Business) with effect from 18.03.2011. Further, Shri V Mohan, Director (Defence Business) relinquished the office of Director on 30.06.2011 consequent upon his

superannuation and Shri P R Naik has been appointed as Director (Defence Business) with effect from 01.07.2011.

- ♦ The Board placed on record its deep appreciation of the valuable services rendered by S/Shri V Somasundaran, M Poongavanam, P K Mishra and V Mohan.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure ;
- ii) that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date ;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- iv) that the annual accounts have been prepared on a going concern basis.

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, Railway Board, M/s Steel Authority of India Limited, M/s Delhi Metro Rail Corporation and M/s Bangalore Metro Rail Corporation for

their patronage and confidence in the Company. The Directors also express their gratitude to our Collaborators, M/s Rotem, South Korea, M/s Tatra Sipox Limited, UK, M/s Pearson Engineering Limited, UK, M/s Terex Corporation, USA, M/s Bumar, Poland and others for their valuable assistance to the Company.

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

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

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

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

For and on behalf of the Board of Directors

V RS Natarajan
Chairman & Managing Director



FORM - A (See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

	Current Year 2010-11	Previous Year 2009-10
(A) POWER AND FUEL CONSUMPTION		
1) ELECTRICITY		
a) Purchased		
Units (Kwh)	43592559	45914827
Total Amount	234362324	226273582
Cost / Unit (Rs.)	5.38	4.93
b) Own Generation :		
i) Through Diesel Generator		
Units (Kwh)	2675236	2969324
Units per ltr. of Diesel oil (Kwh)	1.15	1.15
Cost/Unit (Rs.)	24.52	19.87
ii) Through Steam Turbine / Generator		
Units (Kwh)	Nil	Nil
Units per ltr. of fuel oil / gas (Kwh)	Nil	Nil
Cost / Unit (Rs.)	Nil	Nil
2) COAL (Specify Quality & where used)		
Quantity (Tonnes)	Nil	Nil
Total Cost (Rs.)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
3) FURNACE OIL (Diesel for Boiler)		
Quantity (Kilo Litres)	6706000	4700000
Total amount (Rs.)	2712000	1645000
Average Rate (Rs.)	40.44	35.00
4) OTHERS / INTERNAL GENERATION		
Quantity	228000	180000
Total Cost (Rs.)	9338400	6502920
Average Rate (Rs.)	40.96	36.13
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Products (with details) unit	2290	2427
Electricity	43987	56805
Furnace Oil	Nil	Nil
Coal (specify quality)	Nil	Nil
Diesel in litres	247	180
Others (specify)	Nil	Nil

ANNEXURE-I

Form B**Absorption disclosure particulars with respect to technology :****RESEARCH & DEVELOPMENT (R&D):****1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY:**

The R&D at BEML has designed and developed number of high technology products and aggregates for Mining & Construction, Metro & Rail and Defence sectors as per customer requirements without any collaboration and the same have been manufactured and launched for customer trials.

Depending on the sectorial needs for the year 2010-11 R&D, BEML has launched the following products / projects:

Mining & Construction :

1. BA10 Aircraft Towing Tractor with front cabin.

Metro & Rail :

1. Intermediate Cars for DMRC Metro Cars.
2. Broad Gauge Catenary Maintenance Vehicle for Metro projects.
3. 8W Catenary Maintenance Vehicle.

Defence :

1. GRAD BM21 MBRLS on special 6x6 chassis.
2. Field Artillery Tractor for towing of heavy artillery guns.
3. High Mobility Vehicle mounted on 6x6 chassis integrated with material handling crane.

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

Major R&D initiatives have enlarged the product range and also provide latest

technology for the existing products that enables Company to retain the existing customers, increase the market share and enter new markets. These new initiatives have enhanced the skill sets, knowledge, expertise and induced confidence in taking up new challenges that are arising from time to time.

Intermediate Cars (M&T Cars) for DMRC - RS4 Project :

The indigenous design, development, testing & commissioning of Intermediate Cars has led to the indigenous development of raw materials for car body (stainless steel) and bogies. Many of the intricate castings and forgings for Bogies have been developed indigenously.

It may be noted that the Bogie Test setup has been put up exclusively for the Metro project and is the only such facility in India apart from that in RDSO. The type testing of Bogies at BEML R&D centre has been successfully completed using the established set up. The experience in Bogie testing has placed BEML as an alternate test center for Bogie testing in India and enabled BEML to independently take up Bogie testing.

With the successful development of Intermediate cars, BEML established capability of design, development, testing & commissioning without any foreign collaborators.

SS EMU:

The design & development of SS EMU project has been taken up by BEML R&D, Bangalore Complex for the first time in India against developmental order from Railway Board. BEML has applied for patenting design of SS EMU. Indian Railways has planned to replace EMUs that are in operation at Mumbai, Kolkata & Chennai in phased manner.



3. FUTURE PLAN OF ACTION :

One of the key objectives of R&D is product diversification. Keeping in mind the future trends in technology in line with changing business scenario, R&D has in place, plan of action to take up a number of projects with enhanced allocation of resources. To achieve this, R&D infrastructure and resources are being continuously strengthened/upgraded as needed, to handle the latest technologies effectively.

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

4. EXPENDITURE ON R&D FOR 2010-11 :

Company has spent Rs. 94.33 crores on R&D during 2010-11 which is about 2.60% of the turnover as shown below:

(Rs. crores)

Capital	26.87
Revenue	67.46
Total	94.33
As % of Turnover	2.60

The Company contemplates spending 2% of its turnover towards R&D during FY 2011-12 for technology up-gradation and new product development.

5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

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

- ◆ Acquisition & Absorption of new technologies
- ◆ Faster and newer introduction of competitive product

- ◆ Import Substitution
- ◆ Customer satisfaction and Business growth
- ◆ Indigenization and standardization

Future Plan of Action:

Infrastructure established for indigenization of components for Metro cars and some of the Defence products. Scanning and identification of technology/partners for mining and construction products including higher capacity dump trucks and underground mining equipment are on the cards.

Report on Corporate Governance

1. Company's philosophy on code of governance :

BEML continues to pursue long term corporate goals based on the values of financial discipline, high ethical standards, transparency and complete trust. 'Attainment of the higher results through right means' summarises BEML's way of Corporate Governance. For BEML Corporate governance is not destination, but a journey, a journey wherein we seek to perpetually improve the conscience of the well balanced interests of all the stakeholders as we walk the miles, spend the years, do more diversifications and spread our presence through continents to touch more and more lives. Balancing the interests of all the stakeholders, comprising shareholders, lenders, customers and suppliers, is a challenge that we constantly face in this marathon. Endeavours have been made to follow the best practices in all the functional areas in discharging responsibilities towards the community, the Government and all other concerned/dealt with by BEML.

2. Board of Directors :

- As on 31st March, 2011, the Board consisted of Sixteen Directors of which six, including the Chairman & Managing Director, were Whole-time/Executive Directors, while two were Non-executive Government Directors from the Ministry of Defence and Eight Non-Executive Independent Directors.
- During the financial year 2010-11, Six Board Meetings were held on 30.04.2010, 15.05.2010, 28.05.2010, 13.08.2010, 12.11.2010 and 08.02.2011.
- Constitution of Board of Directors and related information :

Name of the Director	Director Identification No.	Category	Attendance and No. of Board Meetings held	Attendance at last AGM	No. of outside Directorship (s) as on March 31, 2011	No. of outside Board Committee membership (s) / Chairmanship (s) as on March 31, 2011
Shri V RS Natarajan	00074698	Chairman & Managing Director, Executive	6/6	Yes	3	—
Smt. Rashmi Verma ¹	01993918	Non-Executive Director	2/2	N.A.	1	—
Shri P K Mishra	02889348	Non-Executive Director	6/6	Yes	—	—
Shri M B N Rao	00287260	Non-Executive Director	6/6	Yes	15	12
Shri J P Singh	02782928	Non-Executive Director	5/6	Yes	6	—
Shri J P Batra	00654332	Non-Executive Director	5/6	Yes	—	—
Dr. (Smt.) Rekha Bhargava ²	03334237	Non-Executive Director	2/2	N.A.	—	—
Lt. Gen. (Retd.) Noble Thamburaj ²	03164029	Non-Executive Director	2/2	N.A.	1	—
Shri Kanwal Nath ²	02520307	Non-Executive Director	2/2	N.A.	1	—
Shri Ramesh Bhat ²	01958539	Non-Executive Director	1/2	N.A.	1	—
Prof. S Sadagopan ²	00118285	Non-Executive Director	2/2	N.A.	2	—
Shri V Mohan	01386171	Director (Defence), Executive	6/6	Yes	1	—
Shri P Dwarakanath	02107805	Director (Metro & Rail), Executive	6/6	Yes	—	—
Shri M Pitchiah	01178891	Director (Finance), Executive	6/6	Yes	3	—
Dr. M Nellaippan	00154503	Director (HR), Executive	6/6	Yes	—	—
Shri C N Durgesh ³	03487810	Director (Mining & Construction), Executive	N.A.	N.A.	—	—
Shri V Somasundaran ⁴	03055263	Non-Executive Director	2/4	N.A.	—	—
Shri M Poongavanam ⁵	01865262	Director (Mining & Construction), Executive	6/6	Yes	2	—

1. Appointed as Govt. Nominee Director w.e.f. 09.11.2010

2. Appointed as Independent Director w.e.f. 09.11.2010

3. Appointed as Director w.e.f. 18.03.2011

4. Ceased to be Govt. Nominee Director w.e.f. 09.11.2010

5. Ceased to be Director w.e.f. 28.02.2011



Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company, its management or its subsidiaries and do not receive any remuneration from the Company and they do not hold any shares of the Company.

- d) **Code of Conduct** : A certificate from the Chairman & Managing Director on compliance with the code of conduct laid down for all Board members and Senior Management for maintaining standards of business conduct and ensure compliance with legal requirements is furnished separately. Code of conduct adopted by the Board of Directors & Senior Executives of the Company is put on the website of the Company.
- e) **CEO / CFO Certification** : CEO / CFO Certification confirming the compliance with the terms of Clause 49(V) of the Listing Agreement has been given by Chairman & Managing Director and Director (Finance) is also furnished separately.

3. Audit Committee :

Constitution of the Audit Committee and related information :

<i>Name of the Director</i>	<i>Category</i>	<i>Attendance / No. of Meetings held</i>
Shri J P Singh	Chairman, Non-Executive	3/4
Shri P K Mishra	Member, Non-Executive	4/4
Shri M B N Rao	Member, Non-Executive	4/4
Shri J P Batra	Member, Non-Executive	3/4
Shri M Poongavanam ¹	Member, Executive	4/4
Shri P Dwarakanath ²	Member, Executive	N.A.

¹ Ceased to be Member w.e.f. 08.02.2011

² Appointed as Member w.e.f. 08.02.2011

The terms of reference are as per the guidelines set-out in the Listing Agreement read with Section 292A of the Companies Act, 1956.

During the financial year 2010-11, Four Audit Committee meetings were held on 28.05.2010, 12.08.2010, 12.11.2010 and 08.02.2011.

4. Remuneration of Directors :

The remuneration payable to Whole-time Directors and their terms of service are fixed by the Central Government. The remuneration paid to Whole-time Directors for the financial year 2010-11 were as follows :

(in Rs.)

<i>Name of the Director</i>	<i>Salary</i>	<i>Benefits</i>	<i>PF Contribution</i>	<i>Perquisites</i>	<i>Total</i>
1. Shri V RS Natarajan	1464638	1744942	175755	531342	3916677
2. Shri V Mohan	1357368	1599894	162884	71868	3192014
3. Shri M Poongavanam	1235882	1291482	148239	455414	3131017
4. Shri P Dwarakanath	1369261	1597791	164311	31102	3162465
5. Shri M Pitchiah	1308654	901827	157039	388233	2755753
6. Dr. M Nellaiappan	1104729	418404	132570	86248	1741951
7. Shri C N Durgesh	44976	-	5397	-	50373

Part-time Directors are not paid any Remuneration/Commission except sitting fee paid for attending Board or its Committee Meetings which are as under :

<i>Sl.No.</i>	<i>Name of the Director</i>	<i>Sitting Fee (Rs.)</i>
1	Shri M B N Rao	240000
2	Shri J P Singh	140000
3	Shri J P Batra	160000
4	Dr. (Smt.) Rekha Bhargava	40000
5	Lt. Gen. (Retd.) Noble Thamburaj	60000
6	Shri Kanwal Nath	50000
7	Shri Ramesh Bhat	20000
8	Prof. S Sadagopan	50000

Part-time Directors do not hold any shares in the Company.

5 (a) Share Transfer Committee :

Share Transfer Committee is constituted with the following members :

- 1) Dr. M Nellaiappan, Chairman
- 2) Shri M Poongavanam, Member
- 3) Shri M Pitchiah, Member

Share Transfer Committee held 13 Meetings during the year. Shares lodged for transfer, transmission, transposition, etc., are completed within the stipulated period.

(b) Investors' Grievance Committee :

Investors' Grievance Committee consists of :

- 1) Shri M B N Rao, Chairman
- 2) Dr. M Nellaiappan, Member
- 3) Shri M Pitchiah, Member

Number of complaints received : 70

Number of complaints resolved : 70

(c) Remuneration Committee :

Pursuant to the provisions of Chapter 5 of the 'Guidelines on Corporate Governance for Central Public Sector Enterprises' the Remuneration Committee of the Board is constituted as under :

- 1) Shri M B N Rao, Chairman
- 2) Shri Kanwal Nath, Member
- 3) Prof. S Sadagopan, Member
- 4) Shri M Pitchiah, Member
- 5) Dr. M Nellaiappan, Member

**6. Annual General Meetings :**

a) The last three Annual General Meetings were held as under :

<i>Financial Year</i>	<i>Date</i>	<i>Time</i>	<i>Venue</i>
2009-10	13.08.2010	1030 hrs	BEML Kalamandira, Bangalore
2008-09	25.09.2009	1030 hrs	BEML Kalamandira, Bangalore
2007-08	30.09.2008	1030 hrs	BEML Kalamandira, Bangalore

- b) During the last 3 years, no special resolutions were passed, and
- c) No resolutions were put through postal ballot subsequent to last AGM and no postal ballot is contemplated before the ensuing AGM.

7. Disclosures :

- a) During the year, there were no transactions of material nature with the Promoters, Directors or the Management, Subsidiary or Relatives that had potential conflict with the interests of the company.
- Disclosure of related party transactions as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India is given in Item No.B-7 of Schedule 23 of the Notes forming part of Annual Accounts. All the transactions covered under related party transactions were fair, transparent and at arms length.
- b) There were no non-compliance remarks by Stock Exchange or SEBI or any statutory authority on any matter relating to capital markets during the last three years.
- c) The Company has complied with mandatory requirements to the extent stated above except in respect of Composition of Board under Clause 49(IA) of the Listing Agreement. However, the composition is made fully complied with effect from 09.11.2010

with the appointment of five more independent directors.

8. Means of Communication :

- a) Quarterly Results are submitted to the Stock Exchanges at which the Company's Shares are listed and is given wide publicity by publishing in a leading English newspaper having wide circulation and also in a local daily.
- b) Quarterly financial results are displayed on the Company's Website www.bemlindia.com and the quarterly results together with shareholding pattern is filed with Stock Exchanges periodically and displayed on the web-sites of the stock exchanges.
- c) BEML NEWS & BEML BLITZ, News journals brought out periodically are sent to the Stock Exchanges.
- d) Corporate announcements and press releases are notified to the Stock Exchanges at which the Company's shares are listed.
- e) Presentations are made periodically to Institutional Investors, Analysts and Brokers.

9. Management Discussion Analysis and Report :**a. Industry structure and developments :**

The Company is a Mini Ratna Category-I Public Sector Undertaking under the administrative control of Ministry of

Defence, operates in three distinct business segments namely, Mining & Construction, Defence, and Metro & Rail.

Organization

The Business verticals are headed by a Director, who acts as CEO of the business. The Technology Division provides end-to-end technology solutions in Auto, Aero, Defence and Metro & Rail related areas and the Trading Division deals in non-company products. The International Division exports products manufactured by all the three verticals to about 58 countries. Strategic Business Units (SBUs) and Product Heads are also set up under each of the above business to increase organizational effectiveness. The Company's manpower strength stands at 11,798 as of end March, 2011.

Production Units

The Company has nine fully integrated manufacturing units located at Bangalore, Kolar Gold Fields (KGF), Mysore and Palakkad including a subsidiary steel Foundry in Tarikere, Chikmagalur District.

Bangalore Complex: The Bangalore Complex manufactures various types of railway products such as Railcoaches, AC EMUs, OHE Cars, etc., for Indian Railways. The Company has manufactured state-of-the-art stainless steel Metro Coaches and supplied to DMRC against the first order. The Complex also manufactures Defence products such as High Mobility Tatra Trucks and variants used for various applications such as tank transportation, transportation and launching of guided missiles, radar mounting, field artillery

tractor and crash fire tender, pontoon bridges, tank transportation trailers, ejector & air cleaner assemblies, mil-rail coaches and military wagons.

KGF Complex: Earth Moving Equipment Division and Heavy Fabrication Unit located in KGF produce a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders, Dozers, Pipe Layers, Tyre Handlers, Hydraulic Cranes, Walking Dragline, Electric Rope Shovel, Engineering Mine Ploughs, Heavy Recovery Vehicles, Armoured Recovery Vehicles, etc. Hydraulics and Power line Division manufactures Transmissions, Axles, hydraulic aggregates and allied assemblies for all the manufacturing units of BEML. Rail Unit-II manufactures Rail Coaches and wagons.

Mysore Complex: The Truck Division at Mysore produces off-highway Rear Dump Trucks, Motor Graders, Water Sprinklers and Tatra Trucks. The Engine Division produces a wide range of Diesel Engines powering BEML's product range. The Aerospace Manufacturing Division established at Mysore manufactures Air Craft Towing Tractor, Crash Fire Tender, Weapon Loading Trolley (Bheema), etc., for Defence and civilian applications, in addition to precision manufactured items such as gears for aircraft industry. BEML's Engine Division and Aerospace Manufacturing Division have been accredited AS9100B certification.

Palakkad Complex: The Palakkad Complex manufactures products for Defence Business and Metro & Rail Business such as High Mobility Tatra



Trucks, Sarvatra Bridge and Railcoach aggregates / parts.

Technology Division: BEML's Technology Division has received CEMILAC Certification for Design, Development of CAD & CAE Applications to Aircraft Engine & Airframe Components for Airborne Applications.

Subsidiary Unit: Vignyan Industries Limited (VIL), Tarikere, was taken over by BEML in 1984 as a subsidiary unit. VIL supplies quality steel and alloy castings to various manufacturing units of BEML. To meet the increased demand for steel castings, the Company has modernized the plant and augmented the capacity by installing new foundry equipment.

Marketing: BEML's products are sold and serviced through its large marketing network comprising 10 Regional Offices, 4 Zonal Offices, 17 District Offices, Activity Centres, Service Centres and Dealers. The Company established Global Service Centre Headquarters at Nagpur to cater to customer requirement at short notice.

International Business: BEML has established its global foot-print in about 58 countries including Syria, Tunisia, UAE, Jordan, Suriname, South Africa, Kenya, Mali, UK, Sri Lanka, Bangladesh, etc. Company has its overseas offices in Malaysia, Brazil, China and Indonesia.

Developments & Performance during 2010-11

During 2010-11 India's economy grew at an estimated growth rate of 8.6%. The estimate for the year end March 31, 2011

was based on growth rates of more than 8% in key sectors such as manufacturing, construction, finance, real estate and business services. However, India's mining sector saw a slowdown in growth to 5.9% in the 2010-11 fiscal compared to a growth of 9.9% in 2009-10.

BEML registered a growth of about 2% in sales during 2010-11 over the previous year. Metro & Rail business had yet another impressive growth in sales of 30% compared to previous year's sales. The Company's exports stood at Rs. 217.50 crores against Rs. 156.25 crores during 2009-10, a growth of 39% over previous year.

The Company has achieved important landmarks during the year namely:

- ◆ BEML Manufacturing facility at Palakkad Complex, Kanjikode, Kerala was inaugurated by Hon'ble Raksha Mantri and Chief Minister of Kerala on 16th May, 2010 for manufacturing Defence products and Railway aggregates.
- ◆ MAMC Limited has been acquired by Consortium of BEML, CIL and DVC through asset sale route from the official liquidator on 8th July, 2010 and set to be registered for commercial production during 2011-12.
- ◆ BEML Global Service Centre was inaugurated at Nagpur on 14th August, 2010 to coordinate prompt after-sales-service to our domestic and overseas customers.
- ◆ The Company envisaged to foray into Dredger equipment manufacturing business to encash emerging opportunities.

- ◆ Product Life Cycle Management implementation kick off ceremony was held on 11th January, 2011. CMD, BEML inaugurated the same.
- ◆ Foundation Stone for Major Fabrication Shop was laid on 7th February, 2011 at Mysore.
- ◆ The new manufacturing facility of Aerospace Manufacturing Division was inaugurated at Mysore.
- ◆ The Company developed and launched through in-house R&D new products viz., Standard Gauge Catenary Maintenance Vehicle, Motor Grader and upgraded many a product by developing and implementing additional features in various existing products to have a competitive edge in the market.

b. Opportunities and Threats :

Infrastructure development will be India's new growth engine helping the economy to grow at a desirable level. India is planning to invest nearly Rs. 45 lakh crores (US\$1 trillion) to develop infrastructure during the 12th Plan period compared to Rs. 23 lakh crores (US\$ 514 billion) during 11th plan period. The Planning Commission is working towards a growth target between 9.0 to 9.5% during the plan period. Power continues to be the thrust area with a target of 100,000 MW capacity in 12th Plan, of which the bulk will come from coal-fired plants. The demand for coal is going to be met by increased production in India and the gap is expected to be imported. The Mining and Construction business is planning to cater to this growing market by introducing new products and meeting customer expectations through its wide

service network. The Plan Panel has projected that thermal coal imports would touch a phenomenal 250 million tonnes a year in the 12th plan and this would require the creation of additional infrastructure in railways and ports, thus creating new additional business opportunities for rail products especially for wagons and track laying.

Indian Railways has taken up Western and Eastern Dedicated Freight Corridors (DFC) to be completed by the end of the 12th Plan. Further a High Speed Rail link between Delhi-Mumbai and Delhi-Kolkata in the 12th Five Year Plan have been planned. To improve the transport facilities in urban areas, a number of Metros through PPPs model have been planned. In addition to metros, tier II cities like Jaipur, Ludhiana and Kochi are also going to have metro network in operation. These plans augur well with the internal plans of Rail and Metro business for an exponential growth in the next 2 years.

In the Defence segment also, business opportunities are growing with Indian Defence procurement estimated to rise to Rs. 1.89 lakh crore (USD 42 billion) by 2015. The Indian Defence Forces are likely to increase their indigenous procurement from the current 30% to the target 70% over the next five years. All these will translate into more business to BEML with its concerted efforts to tie-up with foreign collaborators for technology tie-ups. The Company is making efforts to maximize the business by tapping the opportunities opened up by Defence Offsets through the Company's Technology Division and Aerospace Manufacturing Division.



The major challenges faced by the Company are:

1. Increased demand for higher capacity equipment, in line with the global market trend.
2. To meet the BS III emission norms.
3. To retain skilled manpower.
4. To maintain cost competitiveness to stay ahead in business.
5. To counter competition from MNCs by innovative marketing strategies.
6. To ensure higher share of Defence business.
7. Meet the increasing market demand in respect of Rail Coaches, AC EMUs etc.

c. Business Group-wise performance during 2010-11:

Sl. No.	Business Group	Turnover Rs. Crores	%age
1.	Mining & Construction Business	1528.03	42.17
2.	Defence Business	705.67	19.47
3.	Metro & Rail Business	1331.95	36.76
4.	Others	57.87	1.60
	Total	3623.52	100.00

The Company has been exempt from providing segment-wise data of its business in view of the critical and sensitive business in which it operates.

d. Outlook :

1. Though Indian mining industry showed a dip during the last financial year due to delay in project approval, environmental clearance etc, BEML has been able to maintain its market share in this segment with its increased focus on export market for

this range of equipments. The construction equipment industry is expected to grow at 19% during the current year followed by 12-15% growth annually by 2015. This is due to the emphasis in the 12th plan on infrastructure with large proposed investments over the next several years in power and infrastructure sector. To cater to this robust demand, the Company has taken several proactive measures to increase the share of Mining & Construction business by strengthening the service setup for both international and domestic market and expanding dealer network, introduction of new products in line with the customer expectations.

2. The Country's Defence budget has been hiked by almost 12 percent to Rs. 1.64 lakh crores for fiscal 2011-12. Most importantly, defence capital acquisition for the financial year 2011-12 has been hiked to Rs. 55,000 crores, while capital expenditure for the same has been raised by about 12% to Rs. 69,199 crores, a move that should provide a sizable boost to the ongoing military modernisation programme. The Company is planning to expand its Defence product range to meet the long term procurement plan of MoD through Technology tie-ups and R&D development. The Palakkad Manufacturing Plant is set up exclusively for manufacturing Defence products apart from some rail and metro aggregates. With this increased capacity, the Company will be able to meet the increased demand

from Defence sector. In order to increase the sales to Defence sector and also to tap the opportunities, the Company has entered into manufacture of Ground Handling/ Ground support equipment and Toolings for Aerospace Industry through its Aerospace Manufacturing Division. The Company has signed an MoU with Government of Karnataka to set up a Green Field Project in Aero Special Economic Zone (SEZ) near Bangalore International Airport with an investment of Rs. 316 crores over next five years. By this MoU, Government of Karnataka has allocated 25 acres of land to BEML in the notified SEZ near Bangalore International Airport, Devanahalli, Bangalore Rural District and BEML is in the process of establishing its unit for design and manufacture of aircraft components/sub-assemblies and MRO activities relating to Aerospace Applications.

3. Indian Railways has planned a highest ever plan outlay of Rs. 57,630 crores during 2011-12. Rs. 13,820 crores has been provided for acquisition of rolling stock. To cater to this increased demand the Company has set up an additional coach manufacturing unit at KGF which is rolling out rail coaches in addition to the plant at Bangalore. The Company has an exclusive unit to manufacture Metro Coaches ramping up the production rate by adopting modern manufacturing techniques keeping in view the steep increase in demand for metro trains. In addition to metro

cities, Tier-II cities are also expected to go in metro way and BEML is hopeful of bagging these orders. BEML has developed intermediate cars which will add further revenue to the metro business. Further orders have been received for the SS EMUs developed by BEML. Besides the above, the Company has also taken pro-active steps to develop Aluminum and Stainless steel wagons, for high speed corridor.

4. Huge opportunities exist for all the three vehicles for exports. Your Company has been encashing and enlarging the exports business in the recent past and envisages exponential growth from overseas markets in the days to come.

The organization is more dynamic, responsive and market oriented for survival and growth in the changed business environment. The Company has plans to grow in each of its vertical and is also planning to enter many more allied businesses through technology tie-ups and joint ventures. In the backdrop of such kind of emerging opportunities your Company has set a target of Rs. 4500 crores to achieve and excel excellent MoU rating for the year 2011-12. The current strategic initiatives like Expansion, Diversification, Restructuring, Acquisition of Technology, Joint ventures, HR initiatives, etc., will ensure the Company to increase its foot hold and market share in the existing business and provide the necessary impetus for the take off of the business in the diversified areas,



making BEML achieve Rs. 5,000 crores by 2012-13 and further aim at achieving Rs. 10,000 crores in the next five years.

e. Risks and Concerns :

The Company follows a system of making all major business decisions after a thorough discussion and analysis of risks and returns involved. Through this approach it strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact the Company's future performance. The Company has also engaged the services of a professional Risk Management firm to study all aspects of the Company's business/operations, identify the risks and recommend measures to mitigate the same.

f. Internal control systems & their adequacy :

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

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

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

Your Company has implemented an enterprise-wide SAP. 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.

g. Discussion on financial performance with respect to operational performance:

	(Rs. crores)	
Particulars	2010-11	2009-10
Sales (Gross)	3623.52	3557.67
Value of Production	3768.60	3708.66
Profit Before tax	186.75	319.55
Profit After tax	149.76	222.85
Networth	2139.04	2036.39
Inventory	1888.91	1653.00
Debtors	1287.53	1360.74
Total inventory in no. of days of VoP	183	163
Debtors / Sales in days	130	140
Profit Before Tax to Sales	5.15%	8.98%
Profit After Tax to Networth	7.00%	10.94%

The Company posted a turnover of Rs. 3623.52 crores, VoP of Rs. 3768.60 crores recording a growth of 1.85% in turnover and about 1.62% in Value of Production over the last year. The Company has recorded a Profit Before Tax of Rs.186.75 crores as against Rs. 319.55 crores in the previous year. The reduction in profit was mainly on account of implementation of wage revision for employees, change in product mix propelled by the market demand, lesser quantum of sales of spares coupled with severe competition that had exerted pressure on margins. However, Company has initiated steps to maximize the profits.

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

The industrial relations has been harmonious and cordial. The manpower strength as of 31.03.2011 stood at 11,798. During the year, 13,402 employees were imparted training to sharpen their skills and update their knowledge.

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.

10. General Shareholder Information :

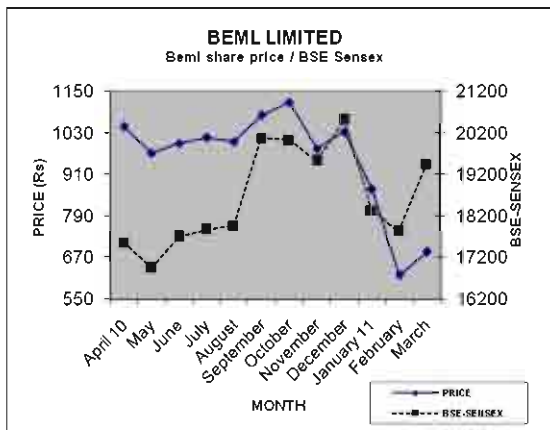
- **AGM** Date : 29.08.2011
 Time : 10.30 Hours
 Venue : The Grand Ball Room,
 The Chancery Pavilion,
 Residency Road,
 Bangalore - 560 025
- **Financial Calendar**
 Financial year : 01.04.2011 to 31.03.2012
 First Quarter Results : Jul./Aug., 2011
 Second Quarter Results : Oct./Nov., 2011
 Third Quarter Results : Jan./Feb., 2012
 Fourth Quarter Results : Apr./May, 2012
 Annual General Meeting : Aug./Sep., 2012
- **Date of Book Closure :**
 25.08.2011 to 29.08.2011 (Both days
 inclusive)
- **Listing on Stock Exchanges**
 The Bangalore Stock Exchange Limited,
 Bangalore
 The Bombay Stock Exchange Limited,
 Mumbai
 The National Stock Exchange of India Ltd.,
 Mumbai
- Listing fee has been paid upto-date to the respective Stock Exchanges
- **Stock Code**
 Bombay Stock Exchange : 500048
 National Stock Exchange : BEML
 Bangalore Stock Exchange : BEML



- Market Price Data : High and Low during each month for the financial year 2010-11.

Month/Year	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April - 2010	1107	1017	1165	1017
May	1068	952	1057	952
June	1048	954	1047	957
July	1050	984	1050	982
August	1040	981	1050	981
September	1238	998	1238	1006
October	1224	1045	1222	1076
November	1170	956	1220	953
December	1061	953	1048	972
January - 2011	1058	858	1053	857
February	899	565	879	570
March	709	620	709	620

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



- Share Transfer Agent :

M/s. Karvy Computershare Private Limited, is the Share Transfer Agent (STA). The address of the STA is as under :

M/s Karvy Computershare Private Limited
Plot No.17-24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
☎ : 040-44655000, Fax : 040-23420814
Toll Free No. : 1800-3454-001
E-mail : einward.ris@karvy.com
Website : www.karvy.com

- Share Transfer System :

The Company's shares are traded in compulsory demat mode and are transferable through Depository system. Both electronic and physical modes of share transfers are handled by M/s Karvy Computershare Private Limited.

The share transfers which are received in physical form are processed and the share certificates are returned within stipulated time from the date of receipt, subject to the documents being valid and complete in all respects.

- Shareholding Pattern as on 31.03.2011 :

Category	No. of Shares	% to equity
Promoters		
The President of India	2,25,00,000	54.03
Institutional Investors		
Mutual Funds and UTI	39,44,364	9.47
Banks / Financial Institutions / Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	57,41,939	13.79
FII's	53,50,497	12.85
Others		
Private Corporate Bodies	12,30,056	2.95
Indian Public - Individuals	25,28,138	6.07
NRIs / OCBs	2,21,824	0.53
Others - HUF, Trusts & Clearing Members	1,27,682	0.31
Total	4,16,44,500	100.00

- Distribution of Shareholdings as on 31.03.2011 :

Category	Total No. of Shareholders	% to Total Holders	Total Shares Held	% to Total Equity
1 - 5000	60357	98.74	2165849	5.20
5001 - 10000	378	0.62	295999	0.71
10001 - 20000	129	0.21	200211	0.48
20001 - 30000	50	0.08	123781	0.30
30001 - 40000	24	0.04	83956	0.20
40001 - 50000	30	0.05	140774	0.34
50001 - 100000	40	0.07	301397	0.72
100001 and above	119	0.19	38332533	92.05
Total	61127	100.00	41644500	100.00

- Dematerialization of shares and liquidity :

Out of 4,16,44,500 shares, 2,25,00,000 shares are held by the Government of India (Promoter) in physical form. Of the balance 1,91,44,500 shares, 1,89,21,405 shares were held in dematerialised form as of 31st March, 2011 which works out to 98.83% of the paid-up capital held by public.

- Outstanding GDRs / ADRs / Warrants:

Not applicable

- Plant Locations :

- a. Bangalore Complex, P.B.No. 7501, New Thippasandra Post, Bangalore 560 075,
- b. KGF Complex, BEML Nagar, Kolar Gold Fields 563 115,
- c. Mysore Complex, Belavadi Post, Mysore 570 018 and

- d. Palakkad Complex, KINFRA Park, Menon Para Road, Kanjikode East, Palakkad 678 621.

- Address for correspondence :

- a) The address of the Registered Office of the Company is :

M/s BEML Limited
BEML Soudha,
No. 23/1, 4th Main,
S.R. Nagar,
Bangalore 560 027
Karnataka State

- b) Shareholders correspondence may be sent to the above address or to the Share Transfer Agent, M/s Karvy Computershare Pvt. Ltd., Hyderabad and shares held in demat mode may be referred to the concerned depository participant.

Certificate of Compliance with the Code of Conduct for Board of Directors and Senior Management Personnel

To the Members of BEML Limited,

I, V RS Natarajan, Chairman & Managing Director of the Company, hereby certify that the Board of Directors and Senior Management personnel have affirmed that they will comply with the Code of Conduct of the Company.

On behalf of the Board of Directors

Bangalore
Dated : 31.05.2011

V RS Natarajan
Chairman & Managing Director



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No. : L35202KA1964GOI001530

Nominal Capital : Rs.100 Crore

To:

The Members of BEML Limited,

We have examined all the relevant records of BEML LIMITED for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended March 31, 2011. We 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. Our 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the mandatory conditions of the Clause 49 of the Listing Agreement.

The Company has adopted the following Non-mandatory requirements:

- a. Tenure of the Independent Directors which do not exceed nine years, and
- b. Constitution of Remuneration Committee with effect from November 12, 2010, comprising of 3 (Three) Independent Directors including Chairman and 2 (Two) Executive Directors.

For V Sreedharan & Associates

(V SREEDHARAN)

Partner

F.C.S. - 2347 : C.P. No. 833

May 30, 2011
Bangalore

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.

2. Intangible Assets:

a) Software

The cost of software internally generated/purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortised on straight line method based on

technical assessment for a period not exceeding ten years. Software which is an integral part of related hardware is capitalized along with the hardware.

b) Technical Know-how

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

For Sl. No. a & b above amortization commences when the asset is available for use.

3. Inventory Valuation :

- i) Raw materials, Components, Stores and Spare parts are valued at Weighted Average Cost or estimated net realizable value, whichever is lower.
- 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.

4. 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.

**5. 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 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.

6. 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.

7. 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 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.

8. Contractual Obligations :

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

9. 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. 3(ii) and 3(iii) depending upon the stage of completion.

10. Prior Period Items :

Prior period adjustments are those adjustments, which are over Rs. 1 lakh in each

case, arising out of correction of errors and omissions made in the past years.

11. 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.

12. 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.

13. 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.

14. 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 on Voluntary Retirement Scheme is expensed in the year of incurrence.
- iv) 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 attached

for **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN:002510S

G VIVEKANANTHAN
Partner
Membership No.28339

For and on behalf of the Board of Directors

M PITCHIAH
Director (Finance)

V RS NATARAJAN
Chairman & Managing Director

M E V SELVAMM
Company Secretary

Place : Bangalore
Date : 31-05-2011



BEML LIMITED

Balance Sheet

(Rs. Lakhs)

	Schedule	As at 31 st March 2011	As at 31 st March 2010
Sources of Funds			
Shareholders Funds			
Share Capital	1	4,177.22	4,177.22
Reserves & Surplus	2	209,726.85	199,606.70
		213,904.07	203,783.92
Loan Funds			
Secured Loans	3	67,621.71	75,305.49
Unsecured Loans	3A	14,090.44	15,549.86
		81,712.15	90,855.35
Total		295,616.22	294,639.27
Application of Funds			
Fixed Assets			
Gross Block (at cost)	4	94,542.69	79,870.87
Less : Depreciation		55,589.90	52,483.83
Net Block		38,952.79	27,387.04
Add : Capital Work-in-progress	5	7,958.17	3,221.04
		46,910.96	30,608.08
Investments	6	819.89	819.89
Deferred Tax Assets		4,603.88	3,419.75
Current Assets, Loans & Advances			
Inventories	7	188,890.91	165,300.30
Sundry Debtors	8	128,753.04	136,073.75
Cash and Bank Balances	9	4,828.18	56,715.06
Other Current Assets	10	580.00	734.83
Loans and Advances	11	50,943.02	46,134.55
		373,995.15	404,958.49
Less : Current Liabilities & Provisions			
Liabilities	12	98,799.20	89,224.17
Provisions	13	31,914.46	56,088.20
		130,713.66	145,312.37
Net Current Assets		243,281.49	259,646.12
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	–	145.43
Total		295,616.22	294,639.27
Notes on Accounts	23		
[Schedule 1 to 23 and Accounting Policies annexed herewith form part of Accounts]			

Refer our report of even date attached

For and on behalf of the Board of Directors

for **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

FRN:002510S

G VIVEKANANTHAN

Partner

Membership No.28339

M PITCHIAH

Director (Finance)

V RS NATARAJAN

Chairman & Managing Director

M E V SELVAMM

Company Secretary

Place : Bangalore

Date : 31-05-2011

Profit and Loss Account**(Rs. Lakhs)**

	Schedule	for the year ended 31st March 2011	for the year ended 31st March 2010
Income			
Sales	15	362,351.67	355,767.69
Less : Value of consortium supplies		82,090.41	58,302.41
		280,261.26	297,465.28
Less : Excise Duty		17,224.04	13,641.33
Net Sales		263,037.22	283,823.95
Other Income	16	22,283.92	13,741.36
Increase / (Decrease) in Stock	17	14,507.80	15,098.74
		299,828.94	312,664.05
Expenditure			
Cost of Raw Materials & Spares consumed / sold	18	165,588.31	180,084.31
Employees Remuneration & Benefits	19	68,314.53	55,513.98
Depreciation	4	3,363.84	3,222.36
Other Expenses	20	35,569.34	36,988.90
		272,836.02	275,809.55
Interest	21	5,863.39	4,892.92
		278,699.41	280,702.47
Profit for the year		21,129.53	31,961.58
Prior period adjustments	22	2,454.36	6.79
Profit Before Tax		18,675.17	31,954.79
Current Tax		5,814.94	10,686.64
Deferred Tax (Net)		(1,184.13)	(763.48)
Less: Excess Provision of Previous Years Written Back		(931.91)	(253.19)
Less: Net Provision for Tax		3,698.90	9,669.97
Profit After Tax		14,976.27	22,284.82
Add : Balance in Profit and Loss Account Brought Forward		24,963.81	9,779.67
Profit available for appropriation		39,940.08	32,064.49
Appropriations			
Proposed Dividend		4,164.45	4,164.45
Tax on Dividend		691.66	707.75
General Reserve		1,497.62	2,228.48
Balance Transferred to Balance Sheet		33,586.35	24,963.81
		39,940.08	32,064.49
Basic / Diluted Earnings per Share (Rs.)		35.96	53.51
Notes on Accounts	23		

[Schedule 1 to 23 and Accounting Policies
annexed herewith form part of Accounts]

Refer our report of even date attached
for **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN:002510S

G VIVEKANANTHAN
Partner
Membership No.28339

For and on behalf of the Board of Directors

M PITCHIAH
Director (Finance)

V RS NATARAJAN
Chairman & Managing Director

M E V SELVAMM
Company Secretary

Place : Bangalore
Date : 31-05-2011



BEML LIMITED

Cash Flow Statement

(Rs. Lakhs)

	for the year ended 31 st March 2011		for the year ended 31 st March 2010	
	Sub items	Main items	Sub items	Main items
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX & EXTRA-ORDINARY ITEMS		18,675.17		31,954.79
<i>Adjustment for</i>				
Depreciation	3,363.84		3,222.36	
Profit / (Loss) on sale of Investments / Fixed Assets	2.15		(2.36)	
Amortisation	687.32		1,610.43	
Interest paid	5,863.39		4,892.92	
Interest received	(3,412.17)		(2,291.71)	
Dividend received	(20.20)		(20.20)	
Other Provisions	(22,658.35)	(16,174.02)	4,201.06	11,612.50
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2,501.15		43,567.29
<i>Adjustment for</i>				
Trade and other Receivables	1,713.27		11,911.02	
Inventories	(23,590.61)		(3,242.44)	
Trade Payables	9,575.03		(23,853.41)	
Tools & Jigs	(594.24)		(697.01)	
Miscellaneous Expenses	145.43	(12,751.12)	(287.59)	(16,169.43)
CASH GENERATED FROM OPERATIONS		(10,249.97)		27,397.86
Direct Tax Paid (Net)		(5,583.36)		(17,579.46)
NET CASH FROM OPERATING ACTIVITIES		(15,833.33)		9,818.40
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(19,760.81)		(5,997.24)	
Sale of Fixed Assets	91.95		78.82	
Purchase of Investments	-		(25.00)	
Dividend Received	20.20		20.20	
Interest Received	3,473.90		3,117.05	
NET CASH USED IN INVESTING ACTIVITIES		(16,174.76)		(2,806.17)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Short Term Borrowings	(7,683.78)		28,214.61	
Proceeds from Unsecured Loans	(75.56)		4,722.00	
Interest Paid	(7,247.25)		(3,738.14)	
Dividend Paid	(4,872.20)		(5,846.64)	
NET CASH USED IN FINANCING ACTIVITIES		(19,878.79)		23,351.83
Net Increase / (Decrease) in Cash and Cash Equivalents		(51,886.88)		30,364.06
Cash and Cash Equivalents as at 1.4.10		56,715.06		26,351.00
Cash and Cash Equivalents as at 31.3.11		4,828.18		56,715.06

Note: (1) Figures of previous year regrouped wherever necessary
(2) Cashflow Statement is prepared using indirect method.

Refer our report of even date attached

For and on behalf of the Board of Directors

for **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN:002510S

G VIVEKANANTHAN
Partner
Membership No.28339

M PITCHIAH
Director (Finance)

V RS NATARAJAN
Chairman & Managing Director

M E V SELVAMM
Company Secretary

Place : Bangalore
Date : 31-05-2011

Schedules to Financial Statements**(Rs. Lakhs)**

Particulars	As at 31st March 2011	As at 31st March 2010
1. Share Capital		
Authorised :		
10,00,00,000 Equity Shares of Rs. 10/- each	<u>10,000.00</u>	<u>10,000.00</u>
Issued :		
4,19,00,000 Equity Shares of Rs. 10/- each	<u>4,190.00</u>	<u>4,190.00</u>
Subscribed and Paid Up :		
4,16,44,500 Equity Shares of Rs. 10/- each	<u>4,164.45</u>	<u>4,164.45</u>
Add : Forfeited Shares	<u>12.77</u>	<u>12.77</u>
	<u>4,177.22</u>	<u>4,177.22</u>
Note : 60,63,000 (Previous Year 60,63,000) Equity Shares of total value of Rs. 6,06,30,000 (Previous Year Rs. 6,06,30,000) have been allotted as fully paid up pursuant to a contract without payment being received in cash		
2. Reserves and Surplus		
Capital Reserve - Surplus on Sale of Assets		
Balance as per last Balance Sheet	105.66	105.66
Securities Premium Account		
Balance as per last Balance Sheet	61,204.07	61,204.07
Reserve for Nonimara Excellence Award	1.44	1.44
General Reserve		
Balance as per last Balance Sheet	113,331.71	116,269.57
Add : Transfer from Profit and Loss Account	1,497.62	2,228.48
Less : Incremental Gratuity Liability	-	7,826.60
Less : Deferred Tax on Gratuity Liability	-	(2,660.26)
Net Incremental Gratuity Liability	-	5,166.34
	<u>114,829.33</u>	<u>113,331.71</u>
Balance in Profit & Loss Account	<u>33,586.35</u>	<u>24,963.81</u>
	<u>209,726.85</u>	<u>199,606.70</u>
3. Secured Loans		
Loan from Banks		
Cash Credit & Short Term Loans	67,366.99	75,050.77
(Cash credit and short term credit availed from Banks secured by hypothecation of inventories (except those pertaining to railcoaches), book debts, receivables, other movable assets and plant & machineries etc.)		
Term Loans	254.72	254.72
(secured on first charge by way of hypothecation of all movables at Palakkad Complex, including plant and machinery)		
	<u>67,621.71</u>	<u>75,305.49</u>
3A Unsecured Loans		
Other Loans & Advances		
Loans from other Corporates	14,090.44	14,166.00
Add : Interest accrued and due	-	1,383.86
	<u>14,090.44</u>	<u>15,549.86</u>



Schedules to Financial Statements

(Rs. Lakhs)

4. Fixed and Intangible Assets

(a) Fixed Assets										
Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 31.3.10	Additions during the year	Deductions/ reclassifications and adjustments during the year	Cost as at 31.3.11	Provision upto 31.3.10	Provision for the year	Deductions/ reclassifications and adjustments during the year	Provision upto Year ending 31.3.11	As At 31.3.11	As At 31.3.10
Land (Free Hold)	1,395.88	-	-	1,395.88	-	-	-	-	1,395.88	1,395.88
Land (Lease Hold)	42.18	2,547.21	-	2,589.39	21.97	26.12	22.55	70.64	2,518.75	20.21
Roads and Drains	1,007.55	628.68	-	1,636.23	471.24	19.56	-	490.80	1,145.43	536.31
Water Supply Installation	419.56	110.67	(2.81)	527.42	315.25	11.63	(2.81)	324.07	203.35	104.31
Buildings	12,834.87	4,546.24	-	17,381.11	4,798.51	377.19	-	5,175.70	12,205.41	8,036.36
Railway Sidings	747.72	-	-	747.72	177.28	34.25	(0.01)	211.52	536.20	570.44
Plant, Machinery & Equipment	57,519.90	4,073.04	(334.81)	61,258.13	42,203.87	2,562.87	(273.39)	44,493.35	16,764.78	15,316.02
Electrical Installations	2,786.85	45.19	(1.75)	2,830.29	2,520.43	69.89	(1.76)	2,588.56	241.73	266.43
Office Furniture & Equipment	1,529.30	77.78	(6.74)	1,600.34	1,183.03	54.61	(4.76)	1,232.88	367.46	346.28
Transport Vehicles	1,587.06	189.62	(5.75)	1,770.93	792.26	112.66	(5.74)	899.18	871.75	794.80
Total	79,870.87	12,218.43	(351.86)	91,737.44	52,483.84	3,268.78	(265.92)	55,486.70	36,250.74	27,387.04
Previous Year	74,950.61	5,137.20	(216.94)	79,870.87	49,401.95	3,222.36	(140.48)	52,483.83	27,387.04	25,548.67
(b) Intangible Assets										
Particulars	Gross Block				Amortisation				Net Block	
	Cost as at 31.3.10	Additions during the year	Deductions/ reclassifications and adjustments during the year	Cost as at 31.3.11	Provision upto 31.3.10	Provision for the year	Deductions/ reclassifications and adjustments during the year	Provision upto Year ending 31.3.11	As At 31.3.11	As At 31.3.10
Software	-	522.86	-	522.86	-	33.40	8.14	41.54	481.32	-
Technical Knowhow	-	2,282.39	-	2,282.39	-	61.66	-	61.66	2,220.73	-
Total	-	2,805.25	-	2,805.25	-	95.06	8.14	103.20	2,702.05	-
Previous Year	-	-	-	-	-	-	-	-	-	-
Total Fixed and Intangible Assets CY	79,870.87	15,023.68	(351.86)	94,542.69	52,483.84	3,363.84	(257.78)	55,589.90	38,952.79	27,387.04
Total Fixed and Intangible Assets PY	74,950.61	5,137.20	(216.94)	79,870.87	49,401.95	3,222.36	(140.48)	52,483.83	27,387.04	25,548.67

Schedules to Financial Statements**(Rs. Lakhs)**

Particulars	As at 31st March 2011	As at 31st March 2010
5. Capital Work-in-progress		
Building under construction	3,313.21	26.48
Machinery under erection	1,173.90	44.21
Equipment under inspection and in transit	3,459.21	3,150.35
Advances for Capital Expenditure	11.85	-
	<u>7,958.17</u>	<u>3,221.04</u>
6. Investments		
Trade (Unquoted - fully paid up) - Long term (at cost)		
In Vignyan Industries Ltd., Subsidiary Company	252.60	252.60
2,69,376 Equity Shares of face value of Rs. 100 each		
In BEML Midwest Ltd., 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 Rs.100 each of Gulmohar Mansion Apartments Co-operative Housing Society Ltd., Bangalore	0.01	0.01
In BEML Brazil Industrial Ltda.	25.00	25.00
(99.98% of the quotas on the capital are held in the Company, and balance are held in the name of Company's nominee)	<u>819.89</u>	<u>819.89</u>
7. Inventories		
Raw materials and components	46,072.19	37,754.92
Stores and Maintenance Spare parts including construction materials	2,715.96	2,094.54
Scrap	1,061.80	388.94
Hand tools	1,744.09	1,241.17
Stock-in-trade :		
Finished stock	44,439.33	23,164.75
Spares	35,926.33	36,869.94
Work-in-Progress	46,917.88	54,357.52
Goods under inspection and in Transit	10,013.33	9,428.52
	<u>188,890.91</u>	<u>165,300.30</u>
8. Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	59,893.49	43,301.70
Considered Doubtful	2,796.69	2,258.35
	<u>62,690.18</u>	<u>45,560.05</u>
Other Debts Considered Good	68,859.55	92,772.05
	<u>131,549.73</u>	<u>138,332.10</u>
Less: Provision for Doubtful Debts	2,796.69	2,258.35
	<u>128,753.04</u>	<u>136,073.75</u>



BEML LIMITED

Schedules to Financial Statements

(Rs. Lakhs)

Particulars	As at 31 st March 2011	As at 31 st March 2010
9. Cash and Bank Balances		
Cash on Hand	11.83	21.28
Cheques on Hand	2,470.51	38,252.35
With Scheduled Banks : In Current Accounts	2,343.85	3,432.77
In Deposit Accounts	-	15,005.00
With other Bank - in Current Account Shanghai China	1.99	3.66
(Maximum amount outstanding at any time during the year Rs.13.08 Lakhs)	4,828.18	56,715.06
10. Other Current Assets		
Gold coins on hand	9.65	9.67
Interest accrued on Bank Deposits	-	61.73
Special tools & jigs (net)	570.35	663.43
	580.00	734.83
11. Loans and Advances		
Loans		
Loans considered good (Unsecured)	14,779.56	16,250.41
Advances		
Advances recoverable in cash or in kind or for value to be received	19,880.42	17,612.47
Prepaid expenses & Other advances	660.55	646.98
Balances with Government Departments for Customs Duty, Excise Duty, etc., including receivables	7,618.39	8,696.24
Balance with Public Utility Concerns	1,042.24	789.56
Advance Payment of Tax (net of provision)	6,610.18	1,526.58
Advance payment for investment (Refer Note No.D.11 of Sch-23)	1,067.56	1,067.56
Total Advances	36,879.34	30,339.39
	51,658.90	46,589.80
Less : Provision for doubtful advances	715.88	455.25
	50,943.02	46,134.55
Particulars of Loans & Advances (summary)		
(i) Considered Good & fully secured	7,269.88	7,178.64
(ii) Considered Good where no securities are held other than debtors' personal security	43,673.15	38,955.91
(iii) Considered Doubtful & provided for	715.87	455.25
	51,658.90	46,589.80
Notes : (i) Due by Officers of the Company	105.36	155.98
(ii) Maximum amount due at any time during the year by officers of the Company	125.25	147.02

Schedules to Financial Statements**(Rs. Lakhs)**

Particulars	As at 31st March 2011	As at 31st March 2010
12. Current Liabilities		
Sundry Creditors :		
Due to Micro, Small & Medium Enterprises (Refer note No.C.2 of sch-23)	1,207.90	1,937.52
Others	50,227.64	43,120.86
Total Sundry Creditors	51,435.54	45,058.38
Advances and Deposits	21,575.51	31,650.45
Other Liabilities	25,713.07	12,452.00
Interest accrued but not due on Loan/Deposit	0.34	0.34
<u>Amount transferable to Investors Education Fund (not due)</u>		
Unpaid/Unclaimed Dividend	74.74	63.00
	<u>98,799.20</u>	<u>89,224.17</u>
13. Provisions		
Income Tax (net of payments)	-	700.33
Proposed dividend and Tax thereon	4,856.11	4,872.20
Provision for Gratuity	9,157.88	9,505.80
Provision for Leave Salary	10,211.08	10,630.46
Provision for Wage revision	-	12,014.27
Others	7,689.39	18,365.14
	<u>31,914.46</u>	<u>56,088.20</u>
14. Miscellaneous Expenditure (to the extent not written off or adjusted)		
Pre-operation expenses		
Opening Balance	145.43	79.35
Additions during the year	-	66.08
Less: Transfer to Capital (Rs.58.73 Lakhs)/revenue (Rs. 86.70 Lakhs)	145.43	-
	<u>-</u>	<u>145.43</u>
Expenditure on Voluntary Retirement Scheme		
Opening balance	-	750.32
Add : Expenditure incurred during the year	-	221.51
	-	971.83
Less : Amortised during the year	-	971.83
	-	-
Net Miscellaneous Expenditure not written off	<u>-</u>	<u>145.43</u>



Schedules to Financial Statements

(Rs. Lakhs)

Particulars	for the year ended 31 st March 2011	for the year ended 31 st March 2010
15. Sales		
Earthmoving Equipment	102,399.56	137,439.73
Railway Products	133,195.72	102,084.25
Defence Products	64,424.70	61,204.31
Spares	62,893.24	54,128.34
Trading goods	5,132.28	1,494.49
Sale of wind energy	295.47	345.12
Commissioning, Servicing	1,111.62	646.34
Export Incentives	239.25	365.85
	369,691.84	357,708.43
Less : Sales returns & Adjustments	7,340.17	1,940.74
	362,351.67	355,767.69
16. Other Income		
Commission and fees	5.35	1.57
Surplus on sale of Assets	0.26	8.09
Disposal of Scrap / Surplus Materials (net of Excise Duty)	2,186.95	3,125.74
Dividend received	20.20	20.20
Interest :		
On Call & Term Deposits from banks & others	1,792.78	1,012.77
On Inter Corporate Loans	1,578.87	1,227.54
On Other Advances	40.52	51.40
Miscellaneous Income	3,029.70	3,965.05
Provision in previous year no longer required:		
Doubtful debts & advances	86.19	504.54
Others	13,543.10	3,824.46
	22,283.92	13,741.36
17. Increase/decrease in Inventory		
<u>Opening Stock</u>		
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
<u>Closing Stock</u>		
Work-in-Progres	46,917.88	54,357.52
Finished Stock	44,439.33	23,164.75
Scrap	1,061.80	388.94
	92,419.01	77,911.21
<u>Increase / (Decrease)</u>		
Work-in-Progress	(7,439.64)	3,521.87
Finished Stock	21,274.58	11,667.98
Scrap	672.86	(91.11)
	14,507.80	15,098.74

Schedules to Financial Statements**(Rs. Lakhs)**

Particulars	for the year ended 31st March 2011	for the year ended 31st March 2010
18. Cost of Raw Materials and Spares - Consumed / sold		
(a) Opening Stock		
Raw Material & Components	39,849.46	57,342.63
Spares	36,869.94	32,058.67
	<u>76,719.40</u>	<u>89,401.30</u>
(b) Add : Purchases		
Raw Material & Components	161,128.34	152,681.59
Spares	12,455.05	14,720.82
	<u>173,583.39</u>	<u>167,402.41</u>
(c) Less : Closing Stock		
Raw Material & Components	48,788.15	39,849.46
Spares	35,926.33	36,869.94
	<u>84,714.48</u>	<u>76,719.40</u>
Total (a) + (b) - (c)	<u><u>165,588.31</u></u>	<u><u>180,084.31</u></u>
19. Employees' Remuneration and Benefits *		
Salaries, Wages and Bonus	53,611.53	41,179.25
Leave Salary & Contractual Obligations	2,108.93	1,993.96
Contribution to :		
Gratuity Fund	1,331.27	1,679.20
Provident Fund & Family Pension Scheme	5,303.85	3,760.25
Voluntary Retirement Scheme	180.46	971.83
Other Expenses on Welfare Schemes (excl. Salaries & Wages)	6,125.16	6,265.86
Less : Receipts	346.67	336.37
	<u>5,778.49</u>	<u>5,929.49</u>
	<u><u>68,314.53</u></u>	<u><u>55,513.98</u></u>
* Includes remuneration to Directors **		
Salaries	78.86	82.30
House Rent Allowance	8.31	5.59
Leave Travel Concession	1.68	1.51
Accrued leave	6.18	2.24
Contribution to Gratuity Fund	1.21	1.23
Contribution to Provident Fund	9.24	9.89
Contribution to Pension Fund	0.22	-
Rent subsidy	4.08	-
Profit linked incentive	52.46	-
Interest Subsidy	0.05	0.05
Medical Expenses	1.57	4.09
** Excluding monetary value of perquisites calculated as per Income Tax Act, 1961 net of recovery	<u><u>163.86</u></u>	<u><u>106.90</u></u>



Schedules to Financial Statements

(Rs. Lakhs)

Particulars	for the year ended 31 st March 2011	for the year ended 31 st March 2010
20 Other Expenses		
Stores Consumed	763.28	1,382.93
Consumable Tools	889.15	1,523.18
Power & Fuel	2,923.12	3,168.81
Rent	253.26	234.43
Hire Charges	474.45	453.43
Repairs & Maintenance :		
Machinery and Equipment	775.21	1,679.53
Buildings	485.37	507.56
Others	714.20	682.07
Amortisation of Special Tools and Jigs	687.32	638.60
Stationery Supplies	110.72	126.28
Insurance	316.88	512.58
Rates and Taxes	773.70	393.24
Bank Charges	865.99	713.60
Postage, Telegrams, Telephones and Telex	309.17	297.17
Selling Agents Commission	84.95	243.54
Remuneration to Auditors	18.92	18.29
Legal Expenses	112.02	63.57
Travelling Expenses	1,607.77	1,308.79
Publicity and Public Relations	602.65	616.67
Loss on Fixed Assets discarded	2.41	5.73
Obsolescence	481.40	1,022.39
Bad debts written off	133.01	27.64
Defects and Spoilages	114.28	442.60
Excise Duty on Increase (Decrease) in Stock	2,480.50	1,367.58
Provision for Doubtful Debts and Advances	1,794.27	1,905.80
Warranty & Unexpired Obligations	2,552.75	2,469.27
Liquidated damages on sales	1,828.89	2,370.18
Technical documentation fee	0.10	15.73
Miscellaneous Expenses	13,413.60	12,797.71
	35,569.34	36,988.90
21. Interest		
Interest - Working capital	5,832.44	4,892.92
Interest - Term Loans	30.95	-
	5,863.39	4,892.92
22. Prior Period Adjustments		
Interest	(6.56)	-
Others	2,460.92	6.79
	2,454.36	6.79

Schedule 23

Notes annexed to and forming part of Financial Statements for the year ended 31st March 2011

A.1. BASIS OF ACCOUNTING

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

A.2. USE OF ESTIMATES

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

B. DISCLOSURE UNDER MANDATORY ACCOUNTING STANDARDS

1. Accounting Standard 5 (Net Profit or Loss for the period, Prior period items and Changes in Accounting Policies)

- (a) Company has commenced recognizing Expenditure on Software which is not an integral part of hardware, as Intangible Asset as against the previous practice of charging such expenditure to revenue. Due to the change in the Accounting Policy, the profit for the year is increased by Rs. 481.32 lakhs.

- (b) Prior Period Adjustments:

Particulars	(Rs. Lakhs)	
	2010-11	2009-10
Income		
Customs Duty refund claim	260.62	-
Total Income	260.62	-
Expenditure		
Material consumption	143.00	-
Contribution towards officers pension	1346.00	-
Liquidated Damages	1092.00	-
Others	133.98	6.79
Total Expenditure	2714.98	6.79
Net Expenditure	2454.36	6.79



2. Accounting Standard 7 (Accounting for Construction Contracts)

(Rs. Lakhs)

Particulars	2010-11	2009-10
a) Contracts revenue recognized during the year	3375.72	3493.62
b) Aggregate amount of cost incurred	3375.72	112.03
c) Recognized profit (less recognized losses, if any) (net of provision for contingency)	NIL	NIL
d) Amount of advances received and outstanding	NIL	NIL
e) The amount of retention	NIL	NIL

3. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Profit & Loss account for the year is Rs. 295.22 lakhs (Cr) [Previous Year Rs. 1529.77 lakhs (Cr)]

4. Accounting Standard 15 (Employee Benefits)

(a) Leave Salary

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

(b) 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.

(Rs. Lakhs)

1	Changes in the Present value of obligation	Current year	Previous year
	Present value of obligation at 1.4.2010	32497.81	22905.69
	Interest Cost	2492.48	1832.45
	Current Service Cost	1240.17	1091.22
	Benefits Paid	2683.57	2073.44
	Actuarial (gain)/loss on obligations	(136.22)	8741.89
	Present value of obligation at 31.3.2011	33410.67	32497.81
2	Changes in the Fair value of Plan assets	Current year	Previous year
	Fair value of plan assets at 1.4.2010	23070.19	22450.88
	Expected return on plan assets	2193.78	2149.20
	Contributions	1679.19	532.99
	Benefits paid	2683.57	2073.44
	Actuarial (gain)/loss on plan assets	6.80	(10.56)
	Fair value of plan assets at 31.3.2011	24252.79	23070.19
3	Reconciliation of obligations and fair value of plan assets	Current year	Previous year
	Present value of obligation at 31.3.2011	33410.67	32497.81
	Fair value of plan assets at 31.3.2011	24252.79	23070.19
	Funded Status	9157.88	9427.62
	Liability Existing	7826.61	-
	Liability recognized during the year	1331.27	9427.62
4	Expenses recognized during the year	Current year	Previous year
	Current Service Cost	1240.17	1091.22
	Interest Cost	2492.48	1832.45
	Expected return on plan assets	2193.78	2149.20
	Actuarial (gain)/loss on obligation	(136.22)	8741.89
	Actuarial (gain)/loss on plan assets	6.80	(10.56)
	Contributions	-	-
	Net Cost	1409.45	9505.80
5	Investment Details	%	%
	GOI Bonds	1	1
	Others	2	6
	Investment with LIC	97	93

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	8.30%	8.00%	8.30%	8.00%
	Rate of return on plan assets	9.51%	9.57%	-	-
	Rate of escalation-salary	5.00%	7.00%	5.00%	8.00%

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.



5. Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the year is Rs.95.66 Lakhs (Previous Year Rs. NIL). Out of this a sum of Rs. 6.56 Lakhs relates to previous years.

6. Accounting Standard 17 (Segment Reporting)

(a) Primary Reporting - Business Segment - Customers

(Rs. Lakhs)

	<i>Particulars</i>	<i>Railway Customers</i>	<i>Defence Customers</i>	<i>Earth Moving Equipment Customers</i>	<i>Other Customers</i>	<i>Total Current Year</i>	<i>Total Previous Year</i>
1	Revenue External Sales (*) Includes value of Consortium supply	133195(*)	70567	152803	5787	362352	355767
2	Results :						
	Segment Results	(6131)	8927	25008	659	28463	44076
Less	Unallocated Corporate Expenses					4883	9513
	Operating Profit					23580	34563
Less	Interest Expense					5863	4893
Add	Interest Income					3412	2292
Less	Income Taxes					3699	9670
Less	Prior Period Adjustments					2454	7
	Net Profit					14976	22285

(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.

7. Accounting Standard 18 (Related Party Transactions)

i. Name of the Subsidiary Company - M/s. Vignyan Industries Ltd., (VIL) Tarikere

Details of Transactions

(Rs. Lakhs)

Particulars	Current year	Previous year
Sales *	974.63	958.73
Purchases *	3831.82	3853.67
Dividends Received	20.20	20.20
Corporate Guarantee given to Bankers	750.00	750.00
Amount payable towards supplies	-	75.84
Amount recoverable	140.77	-
Salaries charged to VIL for BEML personnel deputed there	44.50	-

* Include rejections & VAT.

ii. 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	-	-
Purchases	-	-
Advances recoverable	108.65	152.31
Corporate Guarantee given to Bankers	1912.50	1912.50
Amount payable towards supplies	230.50	319.64

iii. Name of the Associate-BEML Brazil Industrial Ltda

Details of Transactions

(Rs. Lakhs)

Particulars	Current year	Previous year
Equity Contribution	25.00	25.00

iv. Remuneration to key management personnel

Name	(Rs.)	Designation
Shri V RS Natarajan	3916677	Chairman and Managing Director
Shri V Mohan	3192014	Director (Defence)
Shri M Poongavanam*	3131017	Director (Mining & Construction)
Shri P Dwarakanath	3162465	Director (Metro & Rail)
Shri M Pitchiah	2755753	Director (Finance)
Dr. M Nellaiappan	1741951	Director (HR)
Shri C N Durgesh#	50373	Director (Mining & Construction)

*upto 28.02.2011

#from 18.03.2011



8. 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 cancellable, are generally renewable by mutual consent. The aggregate lease rentals paid are disclosed under rent in Schedule 20.

ii) Cars given on Lease on non cancellable basis

A.	a) Gross Carrying amount	Rs. 439.50 lakhs (Previous Year Rs. 312.31 lakhs)
	b) Accumulated depreciation	Rs. 66.20 lakhs (Previous Year Rs. 34.07 lakhs)
	c) Accumulated impairment losses	NIL
	(i) Depreciation recognized in Profit & Loss Account	Rs. 31.37 lakhs (Previous Year 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
	Rs. 40.98 lakhs (Previous Year Rs. 31.96 lakhs)	Rs. 165.47 lakhs (Previous Year Rs. 122.21 lakhs)
		(iii) Later than five years
		Rs. 126.07 lakhs (Previous Year Rs. 106.32 lakhs)
C.	Total rents recognized as income in the Profit & Loss Account	Rs.33.42 lakhs (Previous Year Rs. 24.42 lakhs)

9. Accounting Standard 20 (Earnings Per Share)

Particulars	Current year	Previous year
Net Profit after Tax (Rs. lakhs)	14976.27	22284.82
Average Number of Shares	41644500	41644500
Earnings Per Share (Basic and Diluted) Face Value Rs. 10/- Per Share (Rs.)	35.96	53.51

10. Accounting Standard 22 (Deferred Tax)

(Rs. Lakhs)

Particulars	Current year	Previous year
(a) Components of Deferred Tax Liability		
(1) Related to Fixed Assets	3576.75	3068.72
(2) Special tools and jigs	189.45	225.08
Total (a)	3766.20	3293.80
(b) Components of Deferred Tax Asset		
(1) Sec. 43B items	3510.63	2573.09
(2) Provisions and others	2075.95	1198.22
(3) Preliminary Expenses	183.70	281.97
(4) Gratuity Liability	2599.80	2660.26
Total (b)	8370.08	6713.54
(c) Net Deferred Tax Liability / (Asset) (a-b)	(4603.88)	(3419.74)

DTA includes Rs. 311.03 lakhs (net) (Previous Year Rs. NIL) adjustment relating to earlier years, including differences arising on account of tax rates in the current and in various years of creation of DTA/DTL.

11. Accounting Standard 26 (Intangible Assets)

A. Aggregate amount of Research and Development Expenses:

(Rs. Lakhs)

Particulars	Current year	Previous year
Revenue Expenditure*	6746.31	9065.13
Capital Expenditure**	2687.42	524.14

* 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 on R&D included in	Current year	Previous year
Material Cost	20.30	590.97
Employee Remuneration	2771.81	1655.59
Depreciation	180.87	130.91
Power and Fuel	72.28	58.28
Repairs and Maintenance	30.59	57.36
Consumable Tools	2.77	13.36
Travelling	92.66	44.49
Other Expenses	990.68	686.71
Prototype held in WIP	378.20	3002.32
Prototype held in FGI	246.37	-
Cost of Sales of Prototype sold	2140.65	2956.05
Total R&D Revenue Expenditure	6927.18	9196.04
Less: Depreciation	180.87	130.91
Net R & D Expenditure	6746.31	9065.13
Sale value of prototype sold - included in net Sales	5062.31	2980.66

** The aggregate amount of Research and Development expenditure recognised as Capital expenditure till 31st March, 2011 is as below:

(b) Research and Development Capital Expenditure

(Rs. Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 31.03.2010	Additions during the year	Deductions/ reclassifications and adjustments during the year	Cost as at 31.03.2011	Provision upto 31.03.2010	For the Year	Deductions/ reclassifications and adjustments during the year	Provision upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land (Free hold)	-	-	3.29	3.29	-	-	-	-	3.29	-
Roads and Drains	54.68	-	(3.29)	51.39	27.15	0.84	-	27.99	23.40	27.53
Water Supply Installations	12.60	-	-	12.60	12.31	0.04	-	12.35	0.25	0.29
Buildings	508.92	-	-	508.92	316.03	12.78	-	328.81	180.11	192.89
Plant, Machinery & Equipments	3,922.32	25.80	0.13	3,948.25	3,288.86	74.63	(2.77)	3,360.72	587.53	633.46
Electrical Installations	148.69	6.34	(1.72)	153.31	137.96	3.80	(1.72)	140.04	13.27	10.73
Office Furniture & Equipments	144.96	2.29	3.02	150.27	111.81	7.53	2.22	121.56	28.71	33.15
Transport Vehicles	30.75	5.45	-	36.20	21.08	2.30	-	23.38	12.82	9.67
Technical Know how Fee & Software	-	2,647.54	-	2,647.54	-	78.95	-	78.95	2,568.59	-
TOTAL	4,822.92	2,687.42	1.43	7,511.77	3,915.20	180.87	(2.27)	4,093.80	3,417.97	907.72



B. Intangible Assets :

Intangible Assets included in Schedule 4 (b) like Expenditure on Software & Technical Knowhow Fee are amortised over a period not exceeding ten years based on technical assessment.

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 31st March, 2011. Hence, 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 technically assessed 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 01/04/10	Additions	Utilization	Reversal	As on 31/03/11
1	Gratuity	9505.80	1331.28	1679.20	-	9157.88
2	Leave Salary	10630.46	2108.93	2528.31	-	10211.08
3	Wage revision	9649.27	-	9649.27	-	-
4	Performance Related Pay	2365.00	464.00	841.57	-	1987.43
5	Pending legal cases	349.07	1.03	-	38.73	311.37
6	Warranty	3851.47	3738.89	3189.20	-	4401.16
7	Unexpired Obligation	2868.88	686.61	485.39	2080.67	989.43
8	Contractual obligation	10662.47	-	-	10662.47	-
9	Guaranteed Availability contract	633.25	-	-	633.25	-
	Total	50515.67	8330.74	18372.94	13415.12	27058.35

(b) Counter guarantees given to banks for guarantees issued on behalf of the Company is Rs. 65465.44 lakhs. (Previous Year Rs. 53780.70 lakhs)

(c) Claims against the Company not acknowledged as debts (net of provisions, to the extent ascertainable):

i. Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) Rs. 6592.06 lakhs (Previous Year Rs. 7252.05 lakhs)

ii. Other claims- legal cases etc. Rs. 3433.01 lakhs (Previous Year Rs. 2237.06 lakhs)

(d) Corporate Guarantee issued to bankers on behalf of BEML Midwest Ltd (Joint Venture Company) Rs. 1912.50 lakhs (Previous Year Rs. 1912.50 lakhs)

(e) Corporate Guarantee issued to bankers on behalf of Vignyan Industries Limited (Subsidiary Company) Rs. 750.00 lakhs (Previous Year Rs. 750.00 lakhs).

(f) Contingent liability on availment of factoring receivables facility - Rs. 13370.43 lakhs (Previous Year Rs. NIL)

NOTES:

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

C. DISCLOSURE UNDER STATUTE

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

(Rs. Lakhs)

Sl. No.	Particulars	Current Year	Previous Year
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (include Rs. 956.86 lakhs relating to Intangible Assets)	5233.10	8494.97
2	Letters of Credit issued by banks on behalf of the Company	18808.89	12414.63
3	Earnings in foreign exchange on account of export (FOB basis) / Other income	17937.38	13391.08
4	Expenditure in foreign currency - royalty, know-how, professional consultancy, consultation fee and others	1351.91	969.01

2. The information under MSMED Act, has been disclosed only to the extent such vendors have been identified by the Company 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
Wind Mill	15.00	4.75
Computers	33.33	16.21
Mobile phones	33.33	4.75

4. The Company has been exempted by the Ministry of Corporate Affairs vide letter dt.28.01.2011 from disclosure requirements in compliance of paras 3(i)(a), 3(ii) (a) to (d), 4-C and 4-D of Part II, Schedule VI to the Companies Act, 1956 relating to sales in respect of each class of goods, quantitative details licensed capacity, installed capacity, actual production, value of imports on CIF basis etc.

**D. GENERAL****1. SALES**

- (i) Sales include revenue recognized in terms of Accounting Policy No.5(i) representing Sales covered by Goods Carrier Notes amounting to Rs. NIL lakhs (Previous Year. Rs. 12260.92 lakhs) and Custodian Certificate cases, as per customers' request, amounting to Rs. 6790.78 lakhs (Previous Year Rs. 17560.76 lakhs) for which necessary excise duty has been provided, where the equipments were lying in the Company premises as at 31st March, 2011.
- (ii) Sales include revenue recognized in terms of Accounting Policy No.5(i) amounting to Rs. NIL lakhs (Previous Year 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 31st March, 2011 and are in transit as on 31st March 2011.
- (iii) Sales include Rs. 82090.41 lakhs (Previous Year Rs. 58302.41 lakhs) representing revenue recognized under Accounting Policy No 5(ix) in respect of Metro coaches supplied to Metro customers in terms of Supplementary Consortium Agreement entered into 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.
- (iv) Sales include Rs. 2814.60 lakhs (Previous Year Rs. 3534.66 lakhs) recognised as additional provisional price in terms of Accounting Policy No. 5(iv) based on the price recommended for Rail coaches by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Railway Board. The adjustment, if any, on finalisation of price will be accounted in the year of finalisation.
- (v) As per the terms of the sale order from Ministry of Defence for specialized vehicles, date of offer for inspection of the vehicles to Inspecting Authority is to be treated as date of delivery subject to successful acceptance. The inspection is carried out by Inspecting Authority, essentially road and endurance tests. Invariably, there is a considerable time lag between the offer for and the actual inspection due to various reasons. Company is supplying vehicles for more than two decades and there is no rejection of any vehicle till now. More over this being an ex-works contract, on successful inspection, the date of delivery relates back to the date of offer for inspection. Since the company has manufactured the vehicles as per the specification of the customer and the delay in formal inspection is beyond the control of the company, the Company is recognizing sales when accepted for inspection by the Inspecting Authority. The value of sales recognized during the year in respect of these vehicles, based on the offer and acceptance for inspection, pending formal acceptance, is Rs. 24489.00 lakhs (Previous Year Rs. 18492.00 lakhs)
- (vi) Company supplies certain intermediary products to a Defence Research Establishment for the manufacture of sensitive / critical defence systems. These products are sent to a third party for the next stage of production on behalf of this establishment after the provisional clearance from the Inspecting Authority. The final inspection note from the Inspecting Authority will be issued only for the final system assembly, after various sub-assemblies from various establishments, engaged by this Defence Research Establishment are integrated, over which company has no control. Company is recognizing sale of these intermediary products based on the provisional clearance, as the delay in issuing the final certificate is beyond the control

of the Company in view of the special complexities involved in the manufacture of the sensitive systems. The value of such sales recognized, pending final inspection certificate, during the year is Rs. 4928.00 lakhs (Previous Year Rs. Nil).

2. INVENTORIES

- (a) Negative work orders amounting to Rs. 2025.88 lakhs (Previous Year Rs. 3488.37 lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on Cost of Production for the Financial Year 2010-11.
- (b) Includes materials lying with sub contractors Rs. 2033.40 lakhs (Previous Year Rs. 2469.95 lakhs) and with customers for trials etc Rs. 33.62 Lakhs (Previous Year Rs. Nil). Of these, confirmation from the parties is awaited for Rs. 1137.32 lakhs (Previous Year Rs. 1638.90 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: 14(i).
- (d) The Company had accounted a receipt of Rs. 327.77 lakhs towards manufacture of Radio Control Dozer and Disaster management Equipment under Project funded by Technology Information and Forecasting and Assessment Control (TIFAC) which was kept under liabilities and the equipment was lying under FGI (after deration) at Rs. 78.66 lakhs till last year. Since the stipulated events as per agreement have taken place, the net amount of Rs. 249.11 lakhs has been treated as income during the year.
- (e) The closing stock of work-in-progress and finished goods are stated at standard cost which is nearly to actuals and the difference, if any, is not material.
- (f) 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.
- (g) Provision towards Obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.
- (h) 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.

3. SUNDRY DEBTORS

- (i) Debtors include Rs. 6631.38 lakhs (Previous Year Rs. 3676.05 lakhs) including VAT on account of additional provisional price accounted based on recommendation by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Railway Board.
- (ii) Debtors includes an amount of Rs. 1480.60 lakhs (Previous Year Rs. 1376.41 lakhs) being the differential amount claimed as reimbursement and the amount allowed by Railway Board



on the wheel sets procured as per their terms of contract, in respect of contracts executed during the period from 2007-08 to 2009-10. Normally the Wheel Sets were supplied by the Railway Board as a free supply item till then and the change in policy by Railway Board was due to severe capacity constraint. The disallowed amount relates to freight, sales tax and part of cost incurred. The Company has taken up this matter with the Appropriate Authority. The Company is of the view that, these claims are legally enforceable as they were made as per the terms of contract and hence confident of realizing the amount through appropriate representation before higher Authorities.

- (iii) Debtors include reimbursement claim of Rs. 82.84 lakhs (Previous Year Rs. NIL) from Railway Board towards the Excise Duty and VAT thereof Rs. 4.14 lakhs on the Rail coaches manufactured, consequent to the amendment in the Finance Act, 2011, imposing Excise Duty on rail coach for the first time w.e.f. 1st March, 2011. The claim is under consideration by the Railway Board.
- (iv) Debtors include Rs. 13563.53 lakhs (Previous Year Rs. 9555.27 lakhs) in respect of certain escalation claim as per the contract which is under consideration by Ministry of Defence.
- (v) During the year the Company entered into a factoring arrangement with banks and sundry debtors amounting to Rs. 13370.43 lakhs (Previous year Rs. Nil) has been sold to the banks. This amount has been reduced from Sundry Debtors as on 31st March, 2011. The factoring cost incurred for the same is Rs. 180.75 lakhs. (Previous year Rs. Nil).

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 at Kolkata valued at Rs. 26.82 lakhs (Previous Year 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 at Mumbai and Ranchi pending registration / khatha transfer valued at Rs. 33.00 lakhs (Previous Year Rs. 33.00 lakhs).
 - iv) Includes leased land measuring 374.59 acres taken from Kerala Industrial Infrastructure Development Corporation on a lease premium of Rs. 2547 lakhs for 99 years lease period with effect from 1.07.2009.
 - v) Reconditioning cost included in Fixed Assets Rs. 99.55 lakhs (Previous Year Rs. Nil)
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 utilising the facilities from May 2005 and a sum of Rs. 100 lakhs has been paid, which is included under Loans & Advances (Schedule 11). As the nature of transaction is undecided, no amount has been charged to the profit and loss account till date. The Company has incurred an expenditure towards creation of fixed Assets for a gross value of Rs. 1209.01 lakhs (Previous Year Rs. 1133.65 lakhs) included under Schedule 4 & Rs. 31.90 lakhs (Previous Year Rs. NIL) as capital work in progress included under Schedule 5 totalling to Rs. 1240.91 lakhs (Previous Year Rs. 1133.65 lakhs).

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 2011 is as follows:

(Rs. Lakhs)

Projects	Current year	Previous year
Capital Expenditure on Metro Coach facility, Wind Mill Project and Up-gradation of other facilities	33113.96	28902.61
Voluntary Retirement Scheme	1738.83	1586.58
R&D Centre of Excellence	900.00	900.00
Issue Expenses	1382.59	1382.59
General Corporate purpose	8278.45	8278.45
Green Field Project (*)	7261.17	1982.68
Total	52675.00	43032.91

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

7. i) Sundry Debtors (including a sum of Rs. 35570.24 lakhs) (Previous Year Rs. 31539.00 lakhs) outstanding for more than one year which in the opinion of management is realisable, advances, balances with government departments, 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) Balance available in Provision for Contractual Obligations amounting to Rs. 10662.47 lakhs outstanding as on 01.04.2010 pertaining to certain Defence Order has been withdrawn as no longer required as the first set of the equipment has been successfully accepted by the customer, and no further liability is anticipated on this account.

8. INTER CORPORATE LOANS:

As on 31st March 2011, 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 to be 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 M/s. Coal India Ltd. The balance loans and interest outstanding as on 31st March, 2011 Rs. 14090.44 lakhs (Previous Year Rs. 15549.86 lakhs) are disclosed under Unsecured Loans - Schedule 3A and balance of loans given and interest amounting to Rs. 14779.56 lakhs (Previous Year Rs. 16250.41 lakhs) are included under Loans and Advances Schedule 11.



9. **PROFIT AND LOSS ACCOUNT**

● Break up of Remuneration to Auditors (Schedule 20):

(Rs. Lakhs)

Statutory Auditors	Current year	Previous year
(a) Towards Audit Fee	7.00	7.00
(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) Travel & out of pocket expenses	2.48	-
(f) Other Services	1.34	3.19
Total	18.92	18.29

● Tax Deducted at Source on Income (Schedule 16)

(Rs. Lakhs)

Nature	Current Year	Previous Year
(a) Interest on Call and Term Deposit from Banks	189.40	213.48
(b) Inter Corporate Loans	157.89	125.68
(c) Others	1.58	-

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. Loans and Advances includes Rs. 1067 lakhs (Previous Year Rs. 1067 lakhs) incurred by the Company during 2005-06 on behalf of the R&D Centre of Excellence Society, a Society formed under the Karnataka Societies Registration Act, 1960, on reimbursement basis, for acquiring certain Hardware & Software. This amount will be returned by the Centre as and when the Grant is received from the Government of India, which is pending finalisation of the constitution of various members of the Society.
12. The Company has entered into a Consortium Agreement with Coal India Limited (CIL) and Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s Mining and Allied Machinery Corporation Limited (under liquidation) through Hon'ble High Court auction. Accordingly, a Company in the name of 'MAMC Industries Limited' was formed and incorporated on 25.08.2010. Terms of Shareholders' Agreement is negotiated and finalised and the same would be executed shortly. Upon such execution, the said new Company will be converted into a Joint Venture Company by allotting shares in the proportion 48:26:26 to BEML, CIL and DVC respectively. In this connection the Company has incurred a sum of Rs. 5208.12 lakhs (net of amount received from M/s CIL & M/s DVC as on 31st March, 2011). Pending allotment of shares as above, this sum is included in advances recoverable in cash or kind or for value to be received, under Schedule 11.

13. The Company has invested in 54,22,500 equity shares at Rs. 10/- each in M/s BEML Midwest Limited which was incorporated on 18.04.2007 at Hyderabad. The investment value comes to Rs. 542 Lakhs and this represents 45% share of the JV.

However, due to certain unauthorised transactions by the Directors appointed by the other JV Partner, Midwest Granite Private Limited (MGPL), and the oppression and mis-management by the nominees of MGPL, the Company has filed a petition under section 397 & 398 of the Companies Act, 1956 seeking suitable relief in the matter, which is pending before Honourable Company Law Board.

Further, the said Directors, against whom the above oppression and mis-management charges have been levelled, have substantial net worth. The Company is confident that the un-authorised transfer of funds made can be recovered and other issues resolved leading to further operations and hence no diminution in the value of this investment other than temporary, is anticipated and accordingly no provision has been made in the accounts for decline in the value other than temporary.

14. During the year, Company settled wage revision for workmen. This has impacted the expenses under the head of Employee Remuneration and Benefits by Rs. 12063 lakhs (net of provision), which include Rs. 5580 lakhs for the current year and Rs. 6483 lakhs (net of provision) for the earlier years. Employee Remuneration and Benefits also include Rs. 414 lakhs towards provision for officers' pension contribution.
15. Figures of previous year have been regrouped/ reclassified/ recast wherever necessary to conform to current year's presentation.

Refer our report of even date attached
for **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN:002510S

G VIVEKANANTHAN
Partner
Membership No.28339

Place : Bangalore
Date : 31-05-2011

For and on behalf of the Board of Directors

M PITCHIAH
Director (Finance)

V RS NATARAJAN
Chairman & Managing Director

M E V SELVAMM
Company Secretary



BEML LIMITED

Part IV of Schedule VI to Companies Act, 1956, in terms of Government of India Notification dated May 15, 1995

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. CIN	: L35202KA1964GOI001530	State Code	: 08
Balance Sheet Date	: 31 03 2011		
	D M Y		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private Placement	: NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	: 29561622	Total Assets	: 29561622
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Sources of Funds

Paid-up Capital	: 417722	Reserves & Surplus	: 20972685
Secured Loans	: 6762171	Unsecured Loans	: 1409044
Deferred Tax Liability	: -		

Application of Funds

Net Fixed Assets	: 4691096	Investments	: 81989
Net Current Assets	: 24328149	Misc. Expenditure	: -
Accumulated Losses	: Nil	Deferred Tax Assets	: 460388

IV. Performance of the Company (Rs. in Thousands)

Turnover	: 36235167	Total Expenditure	: 28115377
Profit / Loss Before Tax	: 1867517	Profit / Loss After Tax	: 1497627
<input checked="" type="checkbox"/> Profit <input type="checkbox"/> Loss	(Please tick appropriate box)		
Earnings per share	: 35.96	Dividend Rate (%)	: 100%

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	: 842900
Product Description	: BULL DOZERS, SHOVELS, EXCAVATORS
Item Code No. (ITC Code)	: 870410
Product Description	: DUMPERS
Item Code No. (ITC Code)	: 860500
Product Description	: RAILWAY / TRANSWAY PASSENGER COACHES

For and on behalf of the Board of Directors

M PITCHIAH
Director (Finance)

V RS NATARAJAN
Chairman & Managing Director

Place : Bangalore
Date : 31-05-2011

M E V SELVAMM
Company Secretary

Addendum to the Directors' Report

Auditors' Report**Company's Reply****To the Members of BEML Limited,**

1. We have audited the attached Balance Sheet of BEML Limited as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 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. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of subsection (4A) of Section 227 of 'The Companies Act, 1956' (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and



Addendum to the Directors' Report

Auditors' Report

explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in Paragraph 3 above we report as follows:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of these books and proper returns adequate for the purpose of audit have been received from offices not visited by us.
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts maintained by the Company.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) Without qualifying our opinion reference is invited to:
 1. Note No. D-3(ii) Schedule 23 in respect of claim from Railway Board in respect of wheel sets for Rs.1480.60 lacs. The realisability of

Company's Reply

The subject matter is disclosed in detail in note referred and the Company is confident of realizing the amount.

Addendum to the Directors' Report

Auditors' Report

this claim depends on the outcome of the representation which can not be presently be determined.

2. Note No. D-7, Schedule 23 in respect of non confirmation of various nominal balances. The impact on accounts, if any, is at present not ascertainable.
 3. Note No. D-13 Schedule 23 in respect of non provision for the decline, other than temporary, in the value of investments in BEML Midwest Limited which depends on the outcome of legal proceedings.
 4. Note No. D-1 (v) & (vi) Schedule 23 for the recognition of sales of defence products to Ministry of Defence and sale of intermediary products to a Defence Research Establishment due to complex nature of such contracts and other reasons stated therein.
- f) Being a government company, the provisions of Sec 274(1)(g) of the Act relating to disqualification of Directors are not applicable to the company in terms of notification no: GSR 829(E) dated 21st October 2003.
- g) In our opinion and to the best of our information and according to the explanations given to us the said financial statements read with the significant

Company's Reply

While the Company has sought confirmation of balances, the same has been received in 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 differences in accounting of customers and vendors.

The subject matter has been adequately disclosed in the note referred. This is a long term investment and no permanent diminution in value is anticipated.

Note No. D-1 (v) and (vi) are self explanatory.



Addendum to the Directors' Report

Auditors' Report

accounting policies and the notes appearing in Schedule 23 give the information as required by the Act in the manner so required, and give a true and fair view in conformity with accounting principles generally accepted in India:

- (A) In the case of the Balance Sheet, the state of affairs of the Company as at 31st March 2011;
- (B) In the case of the Profit and Loss Account of the profit for the year ended on that date; and
- (C) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Company's Reply

For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN: 002510S

For and on behalf of the Board of Directors

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

V RS NATARAJAN
Chairman & Managing Director

Place : Bangalore
Date : 31st May 2011

ANNEXURE TO AUDITORS' REPORT
(Referred to in Paragraph 3 of our Report of even date on the Financial Statements of BEML Limited for the year ended 31st March, 2011)

Addendum to the Directors' Report

Auditors' Report

Company's Reply

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year. No material discrepancies have been noticed on such verification.
- (c) The disposals of assets during the year were not substantial so as to affect its going concern status of the Company.
2. (a) The Company has conducted physical verification of inventories (**excluding non moving inventory, materials lying with third parties and work in progress**) during the year in accordance with the program designed to cover all items over a phased manner. In respect of materials with third parties these are confirmed by them in a few cases (Refer Note: D 2(b) Schedule 23). In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business, except in respect of non moving inventory, materials lying with third parties and work in progress.
- (c) The Company has maintained proper records of inventories. No material discrepancies were noticed on physical verification.
3. The Company has not granted or taken any secured or unsecured loans to or from Companies, firms or such parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently

Necessary steps are being taken for physical verification of WIP, Non moving inventory and materials lying with third parties.



Addendum to the Directors' Report

Auditors' Report

clauses iii(a) to iii(g) of paragraph 4(iii) of the order are not applicable to the Company.

4. In our opinion and according to the information and explanations furnished to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Asset and sale of goods and services.
5. There are no contracts or arrangement by the company with any party referred to in Sec 301 of the Companies Act 1956, which are to be entered in the register required to be maintained under that section and hence the requirement of reporting on the reasonability of such transactions having regard to the prevailing market prices made in pursuance of such contracts does not arise.
6. The Company has not accepted any deposits from the public within the meaning of provisions of Sec 58A, 58AA of the Companies Act, 1956 and any other relevant provisions of the Act and the rules framed thereunder. Therefore, the provisions of Clause 4(vi) of the Order are not applicable to the company.
7. In our opinion, the Company has an internal audit system, **the scope and coverage of which requires to be enlarged to be commensurate with the size of the Company and the nature of its business.**
8. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Internal Combustion Engines and Heavy Earthmoving Equipments manufactured by the company. We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed records have been made and maintained. We are not required to and, accordingly have not made a detailed examination of the records.

Company's Reply

Noted for compliance.

Addendum to the Directors' Report

Auditors' Report

Company's Reply

9. (a) The Company is generally regular in depositing the undisputed statutory dues including Sales Tax, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities and no undisputed amounts in respect of these cases were outstanding for a period of more than six months from the date they became payable as at the end of the year.
- (b) The details of disputed Income Tax/ Sales Tax/Customs Duty/Wealth Tax/ Service Tax/Excise Duty/Cess as at the end of the year that have not been deposited are detailed hereunder:

S. No	Name of the Statute	Nature of the dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where the dispute is pending
1.	Central Excise Act 1944	Excise duty including interest and penalty	197.90	From 2003-04 to 2007-08	CESTAT, Bangalore.
2.		Excise duty including interest and penalty.	56.15	From 2005-06 to 2010-11	Other Appellate authorities.
3.		Auto cess	125.22	From 1999-00 to 2010-11	Commissioner of CE, Bangalore.
4.		Service tax	134.68	2004-05	CESTAT
5.		Service tax	80.29	2003-04 to 2009-10	Other Appellate authorities
6.	The Customs Duty Act, 1962.	Customs duty.	5269.86	2001-02 and 2004-05	Original authority
7.		Customs duty.	13.39	2006-07	Commissioner (Appeals)
8.	Sales Tax Act of respective States	Sales Tax	55.05	1998-99	Sales Tax Tribunal
9.		Sales tax	116.99	1999-2000, and from 2003-04 to 2005-06	Revision & Appellate Board.
10.		Sales tax	323.08	From 1990-91 to 2007-08	Other appellate authorities
11.	Income tax Act, 1961	Disallowance of technical know-how fee paid	219.45	2005-06	ITAT, Bangalore.
Total			6592.06		



Addendum to the Directors' Report

Auditors' Report

Note: A sum of Rs. 262.35 Lacs have been paid towards the above disputed statutory dues under protest.

Company's Reply

10. The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under review and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us and in our opinion the Company has not defaulted in repayment of dues to banks. There are no dues to any financial institution or debenture holders.
12. In our opinion and according to the explanations given to us and based on the information available, the Company has not granted any loans or advances on the basis of security by way of pledge of shares/ debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit company/ society. Therefore, clause 4(xiii) of the Order is not applicable to the Company.
14. In our opinion the Company is not dealing in shares, securities, debentures and other investments. Hence clause 4(xiv) of the Order is not applicable to the Company.
15. The Company has given guarantee to loan taken by another Company from banks. This includes guarantee given to BEML Midwest Limited for Rs. 1912.50 Lacs to a bank. The terms and conditions, prima facie, in our opinion, are not prejudicial to the interest of the Company. We are unable to comment on whether the guarantee given on behalf of

In view of the facts explained in note No. D-13, the guarantee given to bankers of BEML Midwest Ltd is not prejudicial to the interest of the company.

Addendum to the Directors' Report

Auditors' Report

BEML Midwest is prejudicial to the interest of the Company in view of the various developments as given in note No D-13 of Schedule 23.

16. The term loans availed by the Company have been applied for the purposes for which the loans were obtained.
17. According to the information and explanation furnished to us and on an overall examination of the Balance Sheet of the Company as at 31st March 2011, no funds raised on short-term basis have been used for long-term purposes.
18. During the year the Company has not made any preferential allotment of shares.
19. The Company has not issued any debentures and hence clause 4(xix) of the order relating to creating of charge is not applicable.
20. The Company has raised monies through Follow on Public Offering in the earlier year and the status of utilization of funds is disclosed by the management in Note No. D-6, Schedule 23 and the same has been verified by us.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Company's Reply

For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN: 002510S

For and on behalf of the Board of Directors

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

V RS NATARAJAN
Chairman & Managing Director

Place : Bangalore
Date : 31st May 2011



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF BEML LIMITED; BANGALORE FOR THE YEAR ENDED 31 MARCH 2011.

COMPANY'S REPLY

The preparation of financial statements of BEML LIMITED for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 31 May 2011.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of BEML LIMITED for the year ended 31st March 2011. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 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:

A. COMMENT ON PROFITABILITY

Profit and Loss Account

Sales less consortium supplies : Rs.2802.61 crore

A reference is invited to the comment of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the Accounts of BEML Limited, Bangalore for the year ended 31 March 2010 regarding "Overstatement of revenue due to incorrect recognition of sales in respect of *Tatra* vehicles based on offer of vehicles for inspection".

During the year 2010-11 also, the Company continued this incorrect practice and recognized sales of ₹ 246.52 crore in respect of 306 *Tatra* vehicles

BEML *Tatra* vehicles, sale of which was reckoned for Rs. Rs.184.92 crores, based on 'offer for inspection' during 2009-10, were accepted in full during 2010-11. As explained in subsequent paras, this is an ex-works contract and delivery being the date when the vehicles are 'offered for inspection', the date of sale reverts back to 2009-10 once the vehicles are accepted during 2010-11.

Further in view of the comments of C & AG for the year 2009-10, Company has taken following actions during 2010-11 :-

1. During the year, the Company has obtained specific confirmation from the designated

COMMENTS CONTD...

COMPANY'S REPLY

based on 'offer of vehicles for inspection' as on 31 March 2011. Though the Company disclosed this fact at Item no. D1(v) of the Notes Forming Part of the Accounts (Schedule-23), above recognition of sales is in contravention of Company's Accounting policy no.5(i) and Accounting Standard-9 prescribed under section 211(3C) of the Companies Act, 1956.

This has resulted in overstatement of sales by ₹ 246.52 crore and corresponding profit by ₹ 25.31 crore. Further, the amount of ₹ 244.89 crore indicated in item No.D1(v) referred to above is incorrect as the correct amount of sales in respect of the 306 vehicles works out to ₹ 246.52 crore.

The above non-compliance has not been reported in the Auditors' Report though attention has been drawn in para no.4(e)(4) of the Report.

Inspecting Authority that the vehicles have been accepted for inspection as against mere acknowledgement during the year 2009-10. The vehicles are accepted for inspection only when vehicles are complete in all respect and are in conformity with the requirements of the contract.

2. The company has also made appropriate disclosure on this practice of Revenue Recognition, by way of Note no. D 1(v) in Notes to Accounts (Schedule-23). Further the Statutory Auditor has drawn reference to this note in the Audit Report by way of an emphasis of the matter.

Revenue has been recognized based on unconditional appropriation as per Accounting Policy No. 5(i) of the company consistently followed. The reasons for following this practice of revenue recognition are as under :-

- a. The terms of Contract stipulate that date of offering vehicles for inspection to the Inspecting Officer will be treated as date of delivery subject to successful acceptance. This needs to be emphasized that delivery is not based on successful acceptance but is only subject to successful acceptance and therefore, Company does not have to wait for 'acceptance' before recognizing sale.

Therefore in view of the above delivery clause, on acceptance the 'date of delivery' reverts back to the date of offer. The delivery of these vehicles which are offered for inspection before 31.03.2011, thus will revert back to the year 2010-11, when accepted during 2011-12 and therefore keeping in view the delivery clause in the contract company considers it appropriate to reckon sale on 'offer for inspection' i.e. during 2010-11.

- b. These vehicles when offered for inspection are identified by serial number of the vehicle together with the engine number and chassis number making it specifically and uniquely identifiable vehicle which cannot be interchanged. These are special vehicles manufactured as per the specifications of the customer and cannot be sold to any other customer.
- c. Terms of price and delivery as per contract are "Ex-works, BEML". In such Ex-works contracts, the recognition of sale is complete when the vehicles are unconditionally appropriated to the contract as per Accounting Policy 5(i).
- d. On offer for inspection, the Inspecting Authority has not only acknowledged the receipt of these vehicles, but has also confirmed acceptance of the vehicles for



BEML LIMITED

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COMPANY'S REPLY

Inspection which implies completeness of vehicles in all respect and readiness for further tests i.e. mainly road and endurance tests which are part of final testing procedure of the customer.

- e. Once the vehicles are offered for inspection and these are accepted by the Inspecting Authority for inspection, Company does not retain any lien on these vehicles and cannot take over these vehicles without the permission of the Inspecting Authority. Thus, on acceptance of vehicles for inspection, the ownership of the vehicles passes on to the customer along with significant risks and rewards of the ownership, thus the revenue recognition meets the requirements of Accounting Standard-9.

In view of the above and the spirit of delivery clause, unconditional appropriation of the above contract takes place on offering these vehicles for inspection as per Accounting Policy No. 5(i) of the company

This practice of Revenue Recognition is being consistently followed by the company and there is no history of rejection of even one vehicle over a period of last 25 years.

Further, the statutory Auditor has drawn attention to the above fact by way of an emphasis of the matter contained in the specific note in the Notes to Accounts as required by Standards on Audit 700 - Auditors' Report on Financial Statements, which does not call for any opinion on the issue relating to the emphasis of the matter.

The difference in amount of Rs.244.89 crores indicated in Note No. D1(v) of the Notes Forming Part of Accounts (schedule -23), and the amount of Rs.246.52 crores is Rs.1.63 crores only which is due to a clerical error and is not significant in relation to the turnover of the Company.

Keeping this in view, with proper disclosure in the Notes to Accounts indicating the basis of this revenue recognition and the Statutory Auditor drawing reference to the said note, Company considers that the reader of the financial statements gets a clear understanding of the revenue recognition.

Hence the Revenue Recognition is in order and there is no overstatement of sales and profit.

For and on behalf of the
Comptroller & Auditor General of India
(C.H. Kharshiing, IA & AS)
Pr. Director of Commercial Audit
& ex-officio Member, Audit Board, Bangalore

For and on behalf of the
Board of Directors
(V RS Natarajan)
Chairman & Managing Director

Place: Bangalore
Date: 14 July 2011

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.

2. Intangible Assets:

a) Software

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

b) Technical Know-how

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

For Sl. No. a & b above amortization commences when the asset is available for use.

3. Inventory Valuation :

- i) Raw materials, Components, Stores and Spare parts are valued at Weighted Average Cost or estimated net realizable value, whichever is lower.
- 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.

4. 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.

5. 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 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.

6. 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.

7. 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 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.

8. Contractual Obligations :

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

9. 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. 3(ii) and 3(iii) depending upon the stage of completion.

10. Prior Period Items :

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

11. 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.



BEML LIMITED

12. 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.

13. 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.

14. 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 on Voluntary Retirement Scheme is expensed in the year of incurrence.

iv) 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 attached

for **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN:002510S

G VIVEKANANTHAN
Partner
Membership No.28339

Place : Bangalore
Date : 31-05-2011

For and on behalf of the Board of Directors

M PITCHIAH
Director (Finance)

V RS NATARAJAN
Chairman & Managing Director

M E V SELVAMM
Company Secretary

Consolidated Balance Sheet**(Rs. Lakhs)**

	Schedule	As at 31st March 2011	As at 31st March 2010
Sources of Funds			
Shareholders Funds			
Share Capital	1	4,177.22	4,177.22
Reserves & Surplus	2	210,064.92	200,151.11
		214,242.14	204,328.33
Loan Funds			
Secured Loans	3	68,247.87	76,035.25
Unsecured Loans	3A	14,090.44	15,549.86
		82,338.31	91,585.11
Minority Interest			
Total		28.66	34.17
		296,609.11	295,947.61
Application of Funds			
Fixed Assets			
Gross Block (at cost)	4	96,196.84	81,497.56
Less : Depreciation		56,107.34	52,924.56
Net Block		40,089.50	28,573.00
Add : Capital Work-in-progress	5	7,966.96	3,229.83
		48,056.46	31,802.83
Investments			
	6	542.29	542.29
Deferred Tax Assets			
		4,446.63	3,275.61
Current Assets, Loans & Advances			
Inventories	7	189,697.16	165,965.17
Sundry Debtors	8	128,753.04	136,073.75
Cash and Bank Balances	9	4,829.64	56,716.51
Other Current Assets	10	583.00	737.82
Loans and Advances	11	51,116.88	46,331.89
		374,979.72	405,825.14
Less : Current Liabilities & Provisions			
Liabilities	12	99,359.38	89,541.83
Provisions	13	32,056.61	56,101.86
		131,415.99	145,643.69
Net Current Assets			
		243,563.73	260,181.45
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	14	-	145.43
Total		296,609.11	295,947.61
Notes on Accounts			
[Schedule 1 to 23 and Accounting Policies annexed herewith form part of Accounts]			
Refer our report of even date attached			

For and on behalf of the Board of Directors

for **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

FRN:002510S

G VIVEKANANTHAN

Partner

Membership No.28339

M PITCHIAH
Director (Finance)**V RS NATARAJAN**
Chairman & Managing DirectorPlace : Bangalore
Date : 31-05-2011**M E V SELVAMM**
Company Secretary



BEML LIMITED

Consolidated Profit and Loss Account

(Rs. Lakhs)

	Schedule	for the year ended 31 st March 2011	for the year ended 31 st March 2010
Income			
Sales	15	362,352.68	355,768.40
Less : Value of consortium supplies		82,090.41	58,302.41
		280,262.27	297,465.99
Less : Excise Duty		17,224.14	13,641.38
Net Sales		263,038.13	283,824.61
Other Income	16	21,455.87	12,797.46
Increase / (Decrease) in Stock	17	14,693.78	15,253.57
		299,187.78	311,875.64
Expenditure			
Cost of Raw Materials & Spares consumed / sold	18	163,567.76	177,582.62
Employees Remuneration & Benefits	19	68,879.29	56,099.55
Depreciation	4	3,440.56	3,274.22
Minority Interest		(5.51)	6.73
Other Expenses	20	36,425.10	37,732.52
		272,307.20	274,695.64
Interest	21	5,934.07	4,927.87
		278,241.27	279,623.51
Profit for the year		20,946.51	32,252.13
Prior period adjustments	22	2,454.36	12.15
Profit Before Tax		18,492.15	32,239.98
Current Tax		5,814.94	10,706.17
Deferred Tax (Net)		(1,171.03)	(662.18)
Less: Excess Provision of Previous Years Written Back		(931.91)	(253.19)
Less: Net Provision for Tax		3,712.00	9,790.80
Profit After Tax		14,780.15	22,449.18
Add : Balance in Profit and Loss Account Brought Forward		25,580.99	10,256.98
Profit available for appropriation		40,361.14	32,706.16
Appropriations			
Proposed Dividend		4,164.45	4,185.38
Tax on Dividend		691.66	711.31
General Reserve		1,497.62	2,228.48
Balance Transferred to Balance Sheet		34,007.41	25,580.99
		40,361.14	32,706.16
Basic / Diluted Earnings per Share (Rs.)		35.49	53.91

Notes on Accounts

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[Schedule 1 to 23 and Accounting Policies annexed herewith form part of Accounts]

Refer our report of even date attached

For and on behalf of the Board of Directors

for **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

FRN:002510S

G VIVEKANANTHAN

Partner

Membership No.28339

M PITCHIAH

Director (Finance)

V RS NATARAJAN

Chairman & Managing Director

Place : Bangalore

Date : 31-05-2011

M E V SELVAMM

Company Secretary

Consolidated Cash Flow Statement**(Rs. Lakhs)**

	for the year ended 31 st March 2011		for the year ended 31 st March 2010	
	Sub items	Main items	Sub items	Main items
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX & EXTRA-ORDINARY ITEMS		18,492.15		32,239.98
<i>Adjustment for</i>				
Depreciation	3,440.56		3,274.22	
Profit/(Loss) on sale of Investments / Fixed Assets	2.15		(2.36)	
Amortisation	687.32		1,654.64	
Interest paid	5,934.07		4,927.87	
Interest received	(3,412.17)		(2,291.71)	
Minority Interest	(5.51)		6.73	
Other Provisions	(22,648.41)	(16,001.99)	4,208.34	11,777.73
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2,490.16		44,017.71
<i>Adjustment for</i>				
Trade and other Receivables	1,742.37		12,034.46	
Inventories	(23,747.83)		(3,449.03)	
Trade Payables	9,817.55		(23,915.44)	
Tools & Jigs	(594.24)		(697.01)	
Miscellaneous Expenses	145.43	(12,636.72)	(287.59)	(16,314.61)
CASH GENERATED FROM OPERATIONS		(10,146.56)		27,703.10
Direct Tax Paid (Net)		(5,440.33)		(17,612.36)
NET CASH FROM OPERATING ACTIVITIES		(15,586.89)		10,090.74
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(19,788.27)		(6,797.66)	
Sale of Fixed Assets	91.95		78.82	
Interest Received	3,473.89		3,116.60	
NET CASH USED IN INVESTING ACTIVITIES		(16,222.43)		(3,602.24)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Short Term Borrowings	(7,787.38)		28,798.90	
Proceeds from Unsecured Loans	(75.56)		4,722.00	
Interest Paid	(7,317.93)		(3,773.09)	
Dividend Paid	(4,896.68)		(5,871.11)	
NET CASH USED IN FINANCING ACTIVITIES		(20,077.55)		23,876.70
Net increase / (Decrease) in Cash and Cash Equivalents		(51,886.87)		30,365.20
Cash and Cash Equivalents as at 1.4.10		56,716.51		26,351.31
Cash and Cash Equivalents as at 31.3.11		4,829.64		56,716.51

Note : (1) Figures of previous year regrouped wherever necessary
 (2) Cash Flow Statement is prepared using indirect method.

Refer our report of even date attached

For and on behalf of the Board of Directors

for **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

FRN:002510S

G VIVEKANANTHAN

Partner

Membership No.28339

M PITCHIAH

Director (Finance)

V RS NATARAJAN

Chairman & Managing Director

Place : Bangalore

Date : 31-05-2011

M E V SELVAMM

Company Secretary



BEML LIMITED

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	As at 31 st March 2011	As at 31 st March 2010
1. Share Capital		
Authorised :		
10,00,00,000 Equity Shares of Rs. 10/- each	10,000.00	10,000.00
380000 Equity Shares of Rs. 100/- each	380.00	380.00
20000 9.5% Redeemable Cumulative Preference shares	20.00	20.00
	<u>10,400.00</u>	<u>10,400.00</u>
Issued :		
4,19,00,000 Equity Shares of Rs. 10/- each	4,190.00	4,190.00
Subscribed and paid up :		
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 (Previous Year 60,63,000) Equity Shares of total value of Rs. 6,06,30,000 (Previous Year Rs. 6,06,30,000) have been allotted as fully paid up pursuant to a contract without payment being received in cash		
2. Reserves and Surplus		
Capital Reserve - Surplus on Sale of Assets		
Balance as per last Balance Sheet	105.82	105.82
Capital Reserve - on consolidation	26.60	26.60
Capital redemption Reserve	10.00	10.00
Securities Premium Account		
Balance as per last Balance Sheet	61,204.09	61,204.09
Reserve for Nonimara Excellence Award	1.44	1.44
General Reserve		
Balance as per last Balance Sheet	113,295.11	116,232.97
Add : Transfer from Profit and Loss Account	1,497.62	2,228.48
Less: Incremental Gratuity Liability	-	7,826.60
Less:Deferred Tax on Gratuity Liability	-	(2,660.26)
Net Incremental Gratuity Liability	-	5,166.34
	<u>114,792.73</u>	<u>113,295.11</u>
Foreign Currency Translation Account	5.61	-
Balance in Profit & Loss Account	34,007.41	25,580.99
Less:Unrealised Profit on Stock	88.78	72.94
	<u>33,918.63</u>	<u>25,508.05</u>
	<u>210,064.92</u>	<u>200,151.11</u>
3. Secured Loans		
Loan from Banks		
Cash Credit & Short Term Loans	67,493.15	75,122.47
(Cash credit and short term credit availed from Banks secured by hypothecation of inventories (except those pertaining to railcoaches), book debts, receivables, other movable assets and plant & machineries etc.)		
Term Loans	754.72	912.78
(secured on the first charge by way of hypothecation of all movables at Palakkad Complex including plant and machinery for the loan of Rs. 254.72 lakhs and first charge on the fixed assets and second charge on the current assets of VIL for the loan of Rs. 500 lakhs)		
	<u>68,247.87</u>	<u>76,035.25</u>

Schedules to Consolidated Financial Statements**(Rs. Lakhs)**

Particulars	As at 31 st March 2011	As at 31 st March 2010
3A. Unsecured Loans		
Other Loans & Advances		
Loans from other Corporates	14,090.44	14,166.00
Add: Interest accrued and due	-	1,383.86
	14,090.44	15,549.86

4. Consolidated Fixed & Intangible Assets

(a) Fixed Assets										
Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 31.03.2010	Additions during the year	Deductions/ reclassifications and adjustments during the year	Cost as at 31.03.2011	Provision upto 31.03.2010	Provision for the year	Deductions/ reclassifications and adjustments during the year	Provision upto Year ending 31.03.2011	As At 31.03.2011	As At 31.03.2010
Land (Free Hold)	1,396.44	-	-	1,396.44	-	-	-	-	1,396.44	1,396.44
Land (Lease Hold)	42.18	2,547.21	-	2,589.39	21.97	26.12	22.55	70.64	2,518.75	20.20
Roads and Drains	1,008.92	628.68	-	1,637.60	472.03	19.60	-	491.63	1,145.97	536.90
Water Supply Installations	423.94	110.67	(2.81)	531.80	318.74	11.71	(2.81)	327.64	204.16	105.19
Buildings	12,989.75	4,546.24	-	17,535.99	4,851.46	381.83	-	5,233.29	12,302.70	8,138.33
Railway Siding	747.72	-	-	747.72	177.28	34.25	(0.01)	211.52	536.20	570.43
Plant, Machinery & Equipment	58,913.44	4,097.24	(334.81)	62,675.87	42,535.15	2,630.85	(273.39)	44,892.61	17,783.26	16,378.24
Electrical Installations	2,786.85	45.19	(1.75)	2,830.29	2,520.43	69.89	(1.76)	2,588.56	241.73	264.00
Office Furniture & Equipment	1,577.78	81.04	(6.74)	1,652.08	1,220.64	57.22	(4.76)	1,273.10	378.98	359.56
Transport Vehicles	1,610.54	189.62	(5.75)	1,794.41	806.86	114.03	(5.74)	915.15	879.26	803.70
Total	81,497.56	12,245.89	(351.86)	93,391.59	52,924.56	3,345.50	(265.92)	56,004.14	37,387.45	28,573.00
Previous Year	75,644.36	6,070.14	(216.94)	81,497.56	49,790.79	3,274.22	(140.45)	52,924.56	28,573.00	25,853.57
(b) Intangible Assets										
Particulars	Gross Block				Amortisation				Net Block	
	Cost as at 31.03.2010	Additions during the year	Deductions/ reclassifications and adjustments during the year	Cost as at 31.03.2011	Provision upto 31.03.2010	Provision for the year	Deductions/ reclassifications and adjustments during the year	Provision upto 31.03.2011	As At 31.03.2011	As at 31.03.2010
Software	-	522.86	-	522.86	-	33.40	8.14	41.54	481.32	-
Technical Knowhow	-	2,282.39	-	2,282.39	-	61.66	-	61.66	2,220.73	-
Total	-	2,805.25	-	2,805.25	-	95.06	8.14	103.20	2,702.05	-
Previous Year	-	-	-	-	-	-	-	-	-	-
Total Fixed and Intangible Assets CY	81,497.56	15,051.14	(351.86)	96,196.84	52,924.56	3,440.56	(257.78)	56,107.34	40,089.50	28,573.00
Total Fixed and Intangible Assets PY	75,644.36	6,070.14	(216.94)	81,497.56	49,790.79	3,274.22	(140.45)	52,924.56	28,573.00	25,853.57



BEML LIMITED

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	As at 31 st March 2011	As at 31 st March 2010
5. Capital Work-in-progress		
Building under Construction	3,313.21	26.48
Machinery under erection	1,173.90	44.21
Equipment under Inspection and in transit	3,468.00	3,150.35
Advances for Capital Expenditure	11.85	8.79
	7,966.96	3,229.83
6. Investments		
Trade (Un Quoted)		
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 Rs. 100 each of Gulmohar Mansion		
Apartments Co-operative Housing Society Ltd., Bangalore	0.01	0.01
	542.29	542.29
7. Inventories		
Raw materials and components	46,182.14	37,855.65
Stores and Maintenance Spare parts including construction materials	2,806.56	2,197.73
Scrap	1,061.80	388.94
Patterns & Other materials	8.35	27.37
Hand tools	1,744.09	1,241.17
Stock-in-trade:		
Finished Stock	44,439.33	23,164.75
Spares	35,926.33	36,869.94
Work-in-Progress	47,604.01	54,857.67
Goods under Inspection and in Transit	10,013.33	9,434.89
	189,785.94	166,038.11
Less : Unrealised Profit on Stock	88.78	72.94
Total Inventory	189,697.16	165,965.17
8. Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	59,893.49	43,301.70
Considered Doubtful	2,796.69	2,258.35
	62,690.18	45,560.05
Other Debts Considered Good	68,859.55	92,772.05
	131,549.73	138,332.10
Less : Provision for Doubtful Debts	2,796.69	2,258.35
	128,753.04	136,073.75
9. Cash and Bank Balances		
Cash on Hand	12.11	21.98
Cheques on Hand	2,470.51	38,252.35
With Scheduled Banks : In Current Accounts	2,345.03	3,433.52
In Deposit Accounts	-	15,005.00
With other Bank-in Current Account Shanghai China	1.99	3.66
(Maximum amount outstanding at any time during the year Rs. 13.08 Lakhs)	4,829.64	56,716.51
10. Other Current Assets		
Gold coins on hand	9.65	9.67
Interest accrued on Bank Deposits	3.00	64.72
Special tools & jigs (net)	570.35	663.43
	583.00	737.82

Schedules to Consolidated Financial Statements**(Rs. Lakhs)**

Particulars	As at 31st March 2011	As at 31st March 2010
11. Loans and Advances		
Loans		
Loans - considered good (Unsecured)	14,779.56	16,250.41
Advances		
Advances recoverable in cash or in kind or for value to be received	19,755.22	17,651.00
Prepaid expenses & other advances	676.53	662.22
Balances with Government Department for Customs Duty, Excise Duty, etc., including receivables	7,628.86	8,751.96
Balance with Public Utility Concerns	1,132.09	878.66
Advance Payment of Tax (net of provision)	6,794.19	1,526.58
Advance Payment for investment (Refer Note No. D.11 of Sch-23)	1,067.56	1,067.56
Total Advances	37,054.45	30,537.98
	51,834.01	46,788.39
Less : Provision for doubtful advances	717.13	456.50
	51,116.88	46,331.89
12. Current Liabilities		
Sundry Creditors :		
Due to Micro, Small & Medium Enterprises (Refer note No.C.2 of Sch-23)	1,241.34	1,952.86
Others	50,585.76	43,272.54
Total Sundry creditors	51,827.10	45,225.40
Advances and Deposits	21,575.51	31,650.45
Other Liabilities	25,876.74	12,602.64
Interest accrued but not due on Loan/Deposit	5.29	0.34
<u>Amount transferable to Investors Education Fund (not due)</u>		
Unpaid/Unclaimed Dividend	74.74	63.00
	99,359.38	89,541.83
13. Provisions		
Income Tax (net of payments)	122.73	680.03
Proposed dividend and Tax thereon	4,856.11	4,896.68
Provision for Gratuity	9,173.50	9,505.80
Provision for Leave Salary	10,214.88	10,639.94
Provision for Wage revision	-	12,014.27
Others	7,689.39	18,365.14
	32,056.61	56,101.86
14. Miscellaneous Expenditure (to the extent not written off or adjusted)		
Pre-operation expenses		
Opening balance	145.43	79.35
Additions during the year	-	66.08
Less : Transfer to Capital (Rs. 58.73 Lakhs)/revenue (Rs. 86.70 Lakhs)	145.43	-
	-	145.43
Expenditure on Voluntary Retirement Scheme		
Opening balance	-	794.53
Add : Expenditure incurred during the year	-	221.51
	-	1,016.04
Less : Amortised during the year	-	1,016.04
	-	-
Net Miscellaneous Expenditure not written Off	-	145.43



BEML LIMITED

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	for the year ended 31 st March 2011	for the year ended 31 st March 2010
15. Sales		
Castings	1.01	0.71
Earthmoving Equipment	102,399.56	137,439.73
Railway Products	133,195.72	102,084.25
Defence Products	64,424.70	61,204.31
Spares	62,893.24	54,128.34
Trading goods	5,132.28	1,494.49
Sale of wind energy	295.47	345.12
Commissioning, Servicing	1,111.62	646.34
Export Incentives	239.25	365.85
	<u>369,692.85</u>	<u>357,709.14</u>
Less : Sales returns & Adjustments	7,340.17	1,940.74
	<u>362,352.68</u>	<u>355,768.40</u>
16. Other Income		
Commission and fees	5.35	1.57
Surplus on sale of Assets	0.26	8.09
Disposal of Scrap / Surplus Materials (net of Excise Duty)	1,338.22	2,167.01
Dividend received	20.20	20.20
Interest:		
On Call & Term Deposits from banks & others	1,792.78	1,012.77
On Inter Corporate Loans	1,578.87	1,227.54
On Other Advances	40.52	51.40
Miscellaneous Income	3,050.38	3,979.88
Provision in previous year no longer required :		
Doubtful debts & advances	86.19	504.54
Others	13,543.10	3,824.46
	<u>21,455.87</u>	<u>12,797.46</u>
17. Increase / decrease in Inventory		
<u>Opening Stock</u>		
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>
<u>Closing Stock</u>		
Work-in-Progress	47,604.01	54,857.67
Finished Stock	44,439.33	23,164.75
Scrap	1,061.80	388.94
	<u>93,105.14</u>	<u>78,411.36</u>
<u>Increase / (Decrease)</u>		
Work-in-progress	(7,253.66)	3,676.70
Finished Stock	21,274.58	11,667.98
Scrap	672.86	(91.11)
	<u>14,693.78</u>	<u>15,253.57</u>

Schedules to Consolidated Financial Statements**(Rs. Lakhs)**

Particulars	for the year ended 31 st March 2011	for the year ended 31 st March 2010
18. Cost of Raw Materials and Spares - Consumed / sold		
(a) <u>Opening Stock</u>		
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>
(b) <u>Add : Purchases</u>		
Raw Material & Components	158,230.14	149,411.57
Spares	13,329.33	15,508.82
	<u>171,559.47</u>	<u>164,920.39</u>
(c) <u>Less : Closing Stock</u>		
Raw Material & Components	48,988.70	40,053.38
Spares	35,926.33	36,869.94
	<u>84,915.03</u>	<u>76,923.32</u>
Total (a) + (b) - (c)	<u>163,567.76</u>	<u>177,582.62</u>
19. Employees' Remuneration and Benefits		
Salaries, Wages and Bonus	54,058.69	41,594.20
Leave Salary & Contractual Obligations	2,108.93	2,003.44
<u>Contribution to :</u>		
Gratuity Fund	1,348.68	1,703.04
Provident Fund & Family Pension Scheme	5,337.45	3,796.44
Voluntary Retirement Scheme	180.46	1,016.04
Other Expenses on welfare schemes (excl. Salaries and Wages)	6,191.75	6,322.76
Less : Receipts	346.67	336.37
	<u>5,845.08</u>	<u>5,986.39</u>
	<u>68,879.29</u>	<u>56,099.55</u>
20. Other Expenses		
Stores Consumed	763.28	1,382.93
Consumable Tools	889.15	1,523.18
Power & Fuel	3,375.34	3,578.59
Rent	253.26	234.43
Hire Charges	474.45	453.43
Repairs & Maintenance :		
Machinery and Equipment	782.34	1,702.95
Buildings	494.03	528.87
Others	730.79	691.28
Amortisation of Special Tools and Jigs	687.32	638.60
Machining and Fettleing Charges	127.39	122.13
Moulding charges	184.39	113.85
Stationery Supplies	112.42	127.93
Insurance	318.78	514.28



BEML LIMITED

Schedules to Consolidated Financial Statements

(Rs. Lakhs)

Particulars	for the year ended 31 st March 2011	for the year ended 31 st March 2010
Rates and Taxes	775.57	397.42
Bank charges	866.37	714.87
Postage, Telegrams, Telephones and Telex	314.07	300.53
Selling Agents Commission	84.95	243.88
Remuneration to Auditors	19.76	18.85
Legal Expenses	112.02	63.57
Travelling Expenses	1,614.08	1,316.18
Publicity and Public Relations	602.78	617.48
Loss on Fixed Assets discarded	2.41	5.73
Obsolescence	481.40	1,022.39
Bad debts written off	133.67	32.45
Defects and Spoilages	114.28	442.60
Excise Duty on Increase (Decrease) in Stock	2,480.50	1,367.58
Provision for Doubtful Debts and Advances	1,794.27	1,905.80
Warranty & Unexpired Obligations	2,552.75	2,469.27
Liquidated damages on sales	1,828.89	2,370.18
Technical documentation fee	0.10	15.73
Miscellaneous Expenses	13,454.29	12,815.56
	<u>36,425.10</u>	<u>37,732.52</u>
21. Interest		
Interest - Working capital	5,839.90	4,864.65
Interest - Term Loans	94.17	63.22
	<u>5,934.07</u>	<u>4,927.87</u>
22. Prior Period Adjustments		
Interest	(6.56)	-
Others	2,460.92	12.15
	<u>2,454.36</u>	<u>12.15</u>

Schedule 23**Notes annexed to and forming part of Consolidated Financial Statements for the year ended 31st March 2011****A.1. BASIS OF ACCOUNTING**

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

A.2. USE OF ESTIMATES

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

A.3. CONSOLIDATION PROCEDURE

- (a) The Consolidated Financial Statements have been prepared on the basis of audited financial statements of the Parent company viz, BEML Limited and its subsidiary viz, Vignyan Industries Ltd, (Share holding 96.56%) and financial statements of BEML Brazil Industrial Ltda as certified by Management. The financial statements of the Parent and its Subsidiary have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra group transactions and un-realized profit / loss.
- (b) The difference between cost to the Parent Company of its investment in the Subsidiary Company and the Parent Company's portion of the equity in the subsidiary with reference to the date of acquisition of controlling interest is recognized in the financial statements as Goodwill/Capital Reserve. The Parent Company's share of post acquisition profit/losses of the subsidiary is adjusted in the revenue reserves.
- (c) Minority interests in the net result of operations and the net assets of the subsidiary represent that part of profit/loss and the net assets not attributable to the parent company.
- (d) Additional information disclosed in individual financial statements of the parent and subsidiary having no bearing on the true and fair view of the Consolidated Financial Statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements.



B. DISCLOSURE UNDER MANDATORY ACCOUNTING STANDARDS

1. Accounting Standard 5 (Net profit or Loss for the period, Prior period items and Changes in Accounting Policies)

- (a) Company has commenced recognizing Expenditure on Software which is not an integral part of hardware, as Intangible Asset as against the previous practice of charging such expenditure to revenue. Due to the change in the Accounting Policy, the profit for the year is increased by Rs. 481.32 lakhs.

- (b) Prior Period Adjustments :

	(Rs. Lakhs)	
Particulars	2010-11	2009-10
Income		
Customs Duty refund claim	260.62	-
Total Income	260.62	-
Expenditure		
Material consumption	143.00	-
Contribution towards officers pension	1,346.00	-
Liquidated Damages	1,092.00	-
Others	133.98	6.79
Total Expenditure	2,714.98	6.79
Net Expenditure	2,454.36	6.79

2. Accounting Standard 7 (Accounting for Construction Contracts)

	(Rs. Lakhs)	
Particulars	2010-11	2009-10
a) Contracts revenue recognized during the year	3375.72	3493.62
b) Aggregate amount of cost incurred	3375.72	112.03
c) Recognized profit (less recognized losses, if any) (net of provision for contingency)	NIL	NIL
d) Amount of advances received and outstanding	NIL	NIL
e) The amount of retention	NIL	NIL

3. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Profit & Loss account for the year is Rs. 295.22 lakhs (Cr) [(Previous Year Rs. 1530.75 lakhs (Cr))]

4. Accounting Standard 15 (Employee Benefits)

(a) Leave Salary

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

(b) 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.

(Rs. Lakhs)

1	Changes in the Present value of obligation	Current year	Previous year
	Present value of obligation at 1.4.2010	32785.94	22933.37
	Interest Cost	2515.53	1853.14
	Current Service Cost	1248.18	1099.18
	Benefits Paid	2702.69	2090.20
	Actuarial (gain)/loss on obligations	(124.24)	8990.45
	Present value of obligation at 31.3.2011	33722.72	32785.94
2	Changes in the Fair value of Plan assets	Current year	Previous year
	Fair value of plan assets at 1.4.2010	23329.13	22450.88
	Expected return on plan assets	2219.41	2171.70
	Contributions	1710.18	555.29
	Benefits paid	2702.69	2090.20
	Actuarial (gain)/loss on plan assets	6.80	241.46
	Fair value of plan assets at 31.3.2011	24549.23	23329.13
3	Reconciliation of obligations and fair value of plan assets	Current year	Previous year
	Present value of obligation at 31.3.2011	33722.72	32785.94
	Fair value of plan assets at 31.3.2011	24549.23	23329.13
	Funded Status	9173.49	9456.81
	Liability Existing	7826.61	-
	Liability recognized during the year	1346.88	9456.81
4	Expenses recognized during the year	Current year	Previous year
	Current Service Cost	1248.18	1099.18
	Interest Cost	2515.53	1853.14
	Expected return on plan assets	2219.42	2171.70
	Actuarial (gain)/loss on obligation	(124.23)	8990.45
	Actuarial (gain)/loss on plan assets	6.80	(241.46)
	Contributions	-	-
	Net Cost	1426.86	9529.61
5	Investment Details	%	%
	GOI Bonds	1	1
	Others	2	6
	Investment with LIC	97	93

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	8.30%	8.00%	8.30%	8.00%
	Rate of return on plan assets	9.51%	9.57%	-	-
	Rate of escalation - salary	5.00%	7.00%	5.00%	8.00%

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.



BEML LIMITED

5. Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the year is Rs. 95.66 lakhs (Previous Year Rs. Nil). Out of this a sum of Rs. 6.56 lakhs relates to previous years.

6. 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	133195(*)	70567	152804	5787	362353	355768
2	Results :						
	Segment Results	(6131)	8927	24896	659	28351	44401
Less	Unallocated Corporate Expenses					4883	9513
	Operating Profit					23468	34888
Less	Interest Expense					5934	4928
Add	Interest Income					3412	2292
Less	Income Taxes					3712	9791
Less	Prior Period Adjustments					2454	12
	Net Profit					14780	22449

(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.

7. Accounting Standard 18 (Related Party Transactions)

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

i Details of Transactions**(Rs. Lakhs)**

Particulars	Current year	Previous year
Sales	-	-
Purchases	-	-
Advances recoverable	108.65	152.31
Corporate Guarantee given to Bankers	1912.50	1912.50
Amount payable towards supplies	230.50	319.64

ii Remuneration to key management personnel

Name	(Rs.)	Designation
Shri V RS Natarajan	3916677	Chairman and Managing Director
Shri V Mohan	3192014	Director (Defence)
Shri M Poongavanam*	3131017	Director (Mining & Construction)
Shri P Dwarakanath	3162465	Director (Metro & Rail)
Shri M Pitchiah	2755753	Director (Finance)
Dr. M Nellaiappan	1741951	Director (HR)
Shri C N Durgesh [#]	50373	Director (Mining & Construction)

*upto 28.02.2011

#from 18.03.2011

8. 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 cancellable, are generally renewable by mutual consent. The aggregate lease rentals paid are disclosed under rent in Schedule 20.

ii) Cars given on Lease on non cancellable basis

A.		a) Gross Carrying amount	Rs.439.50 lakhs (Previous Year Rs.312.31 lakhs)
		b) Accumulated depreciation	Rs .66.20 lakhs (Previous Year Rs.34.07 lakhs)
		c) Accumulated impairment losses	NIL
		Depreciation recognized in Profit & Loss Account	Rs.31.37 lakhs (Previous Year Rs.23.12 lakhs)
		Impairment losses recognized in Profit & Loss Account	NIL
		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. 40.98 lakhs (Previous Year Rs.31.96 lakhs)	Rs.165.47 lakhs (Previous Year Rs.122.21 lakhs)	Rs.126.07 lakhs (Previous Year Rs.106.32 lakhs)	
C. Total rents recognized as income in the Profit & Loss Account		Rs.33.42 Lakhs (Previous Year Rs.24.42 lakhs)	



9. Accounting Standard 20 (Earnings Per Share)

Particulars	Current year	Previous year
Net Profit after Tax (Rs. lakhs)	14780.15	22449.18
Average Number of Shares	41644500	41644500
Earnings Per Share (Basic and Diluted) Face Value Rs. 10/- Per Share (Rs.)	35.49	53.91

10. Accounting Standard 22 (Deferred Tax)

(Rs. Lakhs)

Particulars	Current year	Previous year
(a) Components of Deferred Tax Liability		
Related to Fixed Assets	3730.59	3212.51
Special tools and jigs	192.86	225.43
Total (a)	3923.45	3437.94
(b) Components of Deferred Tax Asset		
Sec. 43B items	3510.63	2573.10
Provisions and others	2075.95	1198.22
Preliminary Expenses	183.70	281.97
Gratuity Liability	2599.80	2660.26
Total (b)	8370.08	6713.55
(c) Net Deferred Tax Liability / (Asset) (a-b)	(4446.63)	(3275.61)

DTA includes Rs. 311.03 lakhs (net) (Previous Year Rs. NIL) adjustment relating to earlier years including differences arising on account of tax rates in the current and in various years of creation of DTA/DTL.

11. Accounting Standard 26 (Intangible Assets)

A. Aggregate amount of Research and Development Expenses:

(Rs. Lakhs)

Particulars	Current year	Previous year
Revenue Expenditure*	6746.31	9065.13
Capital Expenditure**	2687.42	524.14

* 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 on R&D included in	Current year	Previous year
Material Cost	20.30	590.97
Employee Remuneration	2771.81	1655.59
Depreciation	180.87	130.91
Power and Fuel	72.28	58.28
Repairs and Maintenance	30.59	57.36
Consumable Tools	2.77	13.36
Travelling	92.66	44.49
Other Expenses	990.68	686.71
Prototype held in WIP	378.20	3002.32
Prototype held in FGI	246.37	-
Cost of Sales of Prototype sold	2140.65	2956.05
Total R&D Revenue Expenditure	6927.18	9196.04
Less: Depreciation	180.87	130.91
	6746.31	9065.13

Sale value of prototype sold - included in net Sales 5062.31 2980.66

** The aggregate amount of Research and Development expenditure recognised as Capital expenditure till 31st March, 2011 is as below:

(b) Research and Development Capital Expenditure

(Rs. Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 31.03.2010	Additions during the year	Deductions/ reclassifications and adjustments during the year	Cost as at 31.03.2011	Provision upto 31.03.2010	For the Year	Deductions/ reclassifications and adjustments during the year	Provision upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land (Free hold)	-	-	3.29	3.29	-	-	-	-	3.29	-
Roads and Drains	54.68	-	(3.29)	51.39	27.15	0.84	-	27.99	23.40	27.53
Water Supply Installations	12.60	-	-	12.60	12.31	0.04	-	12.35	0.25	0.29
Buildings	508.92	-	-	508.92	316.03	12.78	-	328.81	180.11	192.89
Plant, Machinery & Equipments	3,922.32	25.80	0.13	3,948.25	3,288.86	74.63	(2.77)	3,360.72	587.53	633.46
Electrical Installations	148.69	6.34	(1.72)	153.31	137.96	3.80	(1.72)	140.04	13.27	10.73
Office Furniture & Equipments	144.96	2.29	3.02	150.27	111.81	7.53	2.22	121.56	28.71	33.15
Transport Vehicles	30.75	5.45	-	36.20	21.08	2.30	-	23.38	12.82	9.67
Technical Knowhow Fee & Software	-	2,647.54	-	2,647.54	-	78.95	-	78.95	2,568.59	-
TOTAL	4,822.92	2,687.42	1.43	7,511.77	3,915.20	180.87	(2.27)	4,093.80	3,417.97	907.72



B. Intangible Assets :

Intangible Assets included in Schedule 4 (b) like Expenditure on Software & Technical Knowhow Fee are amortised over a period not exceeding ten years based on technical assessment.

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 31st March, 2011. Hence, 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 technically assessed 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 01/04/10	Additions	Utilization	Reversal	As on 31/03/11
1.	Gratuity	9505.80	1348.68	1680.98	-	9173.50
2.	Leave Salary	10639.94	2108.93	2533.99	-	10214.88
3.	Wage revision	9649.27	-	9649.27	-	-
4.	Performance Related Pay	2365.00	464.00	841.57	-	1987.43
5.	Pending legal cases	349.07	1.03	-	38.73	311.37
6.	Warranty	3851.47	3738.89	3189.20	-	4401.16
7.	Unexpired Obligation	2868.88	686.61	485.39	2080.67	989.43
8.	Contractual obligation	10662.47	-	-	10662.47	-
9.	Guaranteed Availability contract	633.25	-	-	633.25	-
	Total	50525.15	8348.14	18380.40	13415.12	27077.77

(b) Counter guarantees given to banks for guarantees issued on behalf of the company is Rs.65465.44 lakhs. (Previous Year Rs 53780.70 lakhs)

(c) Claims against the Company not acknowledged as debts (net of provisions, to the extent ascertainable):

i. Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) Rs.6592.06 lakhs (Previous Year Rs. 7252.05 lakhs)

ii. Other claims- legal cases etc. Rs. 3433.01 lakhs (Previous Year Rs. 2237.06 lakhs)

(d) Corporate Guarantee issued to bankers on behalf of BEML Midwest Ltd (Joint Venture Company) Rs. 1912.50 lakhs (Previous Year Rs. 1912.50 lakhs)

(e) Corporate Guarantees issued to bankers on behalf of Vignyan Industries Limited (Subsidiary Company) Rs. 750.00 lakhs (Previous Year Rs .750.00 lakhs).

(f) Contingent liability on availment of factoring receivables facility - Rs. 13370.43 lakhs (Previous Year Rs. Nil)

NOTES:

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

C. DISCLOSURE UNDER STATUTE

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

(Rs. Lakhs)

Sl. No.	Particulars	Current Year	Previous Year
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (include Rs.956.86 lakhs relating to Intangible Assets)	5233.10	8501.86
2	Letters of Credit issued by banks on behalf of the Company	18808.89	12414.63
3	Earnings in foreign exchange on account of export (FOB basis) / Other income	17937.38	13391.08
4	Expenditure in foreign currency - royalty, know-how, professional consultancy, consultation fee and others	1351.91	969.01

2. The information under MSMED Act, has been disclosed only to the extent such vendors have been identified by the Company 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
Wind Mill	15.00	4.75
Computers	33.33	16.21
Mobile phones	33.33	4.75

4. The Company has been exempted by the Ministry of Corporate Affairs vide letter dt.28.01.2011 from disclosure requirements in compliance of paras 3(i)(a), 3(ii) (a) to (d), 4-C and 4-D of Part II, Schedule VI to the Companies Act, 1956 relating to sales in respect of each class of goods, quantitative details licensed capacity, installed capacity, actual production, value of imports on CIF basis etc.

**D. GENERAL****1. SALES**

- (i) Sales include revenue recognized in terms of Accounting Policy No.5(i) representing Sales covered by Goods Carrier Notes amounting to Rs. NIL lakhs (Previous Year. Rs. 12260.92 lakhs) and Custodian Certificate cases, as per customers' request, amounting to Rs. 6790.78 lakhs (Previous Year Rs 17560.76 lakhs) for which necessary excise duty has been provided, where the equipments were lying in the Company's premises as at 31st March, 2011.
- (ii) Sales include revenue recognized in terms of Accounting Policy No.5(i) amounting to Rs. NIL lakhs (Previous Year 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 31st March, 2011 and are in transit as on 31st March 2011.
- (iii) Sales include Rs. 82090.41 lakhs (Previous Year Rs. 58302.41 lakhs) representing revenue recognized under Accounting Policy No 5(ix) in respect of Metro coaches supplied to Metro customers in terms of Supplementary Consortium Agreement entered into 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.
- (iv) Sales include Rs. 2814.60 lakhs (Previous Year Rs. 3534.66 lakhs) recognised as additional provisional price in terms of Accounting Policy No. 5(iv) based on the price recommended for Rail coaches by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Railway Board. The adjustment, if any, on finalisation of price will be accounted in the year of finalisation.
- (v) As per the terms of the sale order from Ministry of Defence for specialized vehicles, date of offer for inspection of the vehicles to Inspecting Authority is to be treated as date of delivery subject to successful acceptance. The inspection is carried out by Inspecting Authority, essentially road and endurance tests. Invariably, there is a considerable time lag between the offer for and the actual inspection due to various reasons. Company is supplying vehicles for more than two decades and there is no rejection of any vehicle till now. More over this being an ex-works contract, on successful inspection, the date of delivery relates back to the date of offer for inspection. Since the company has manufactured the vehicles as per the specification of the customer and the delay in formal inspection is beyond the control of the company, the company is recognizing sales when accepted for inspection by the Inspecting Authority. The value of sales recognized during the year in respect of these vehicles, based on the offer and acceptance for inspection, pending formal acceptance, is Rs. 24489.00 lakhs (Previous Year Rs. 18492.00 lakhs).
- (vi) Company supplies certain intermediary products to a Defence Research Establishment for the manufacture of sensitive / critical defence systems. These products are sent to a third party for the next stage of production on behalf of this establishment after the provisional clearance from the Inspecting Authority. The final inspection note from the Inspecting Authority will be

issued only for the final system assembly, after various sub-assemblies from various establishments, engaged by this Defence Research Establishment are integrated, over which Company has no control. Company is recognizing sale of these intermediary products based on the provisional clearance, as the delay in issuing the final certificate is beyond the control of the Company in view of the special complexities involved in the manufacture of the sensitive systems. The value of such sales recognized, pending final inspection certificate, during the year is Rs. 4928.00 lakhs (Previous Year Rs.Nil).

2. INVENTORIES

- (a) Negative work orders amounting to Rs.2025.88 lakhs (Previous Year Rs. 3488.37 lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on Cost of Production for the Financial Year 2010-11.
- (b) Includes materials lying with sub contractors Rs.2033.40 lakhs (Previous Year Rs. 2469.95 lakhs) and with customers for trials etc Rs. 33.62 lakhs (Previous Year Rs. Nil). Of these, confirmation from the parties is awaited for Rs. 1137.32 lakhs (Previous Year Rs. 1638.90 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: 14(i).
- (d) The Company had accounted a receipt of Rs 327.77 lakhs towards manufacture of Radio Control Dozer and Disaster management Equipment under Project funded by Technology Information and Forecasting and Assessment Control (TIFAC) which was kept under liabilities and the equipment was lying under FGI (after deration) at Rs 78.66 lakhs till last year. Since the stipulated events as per agreement have taken place, the net amount of Rs 249.11 lakhs has been treated as income during the year.
- (e) The closing stock of work-in-progress and finished goods are stated at standard cost which is nearly to actuals and the difference, if any, is not material.
- (f) 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.
- (g) Provision towards Obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.
- (h) 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.



3. SUNDRY DEBTORS

- (i) Debtors include Rs. 6631.38 lakhs (Previous Year Rs. 3676.05 lakhs) including VAT, on account of additional provisional price accounted based on recommendation by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Railway Board.
- (ii) Debtors includes an amount of Rs. 1480.60 lakhs (Previous Year Rs. 1376.41 lakhs) being the differential amount claimed as reimbursement and the amount allowed by Railway Board on the wheel sets procured as per their terms of contract, in respect of contracts executed during the period from 2007-08 to 2009-10. Normally the Wheel Sets were supplied by the Railway Board as a free supply item till then and the change in policy by Railway Board was due to severe capacity constraint. The disallowed amount relates to Freight, Sales Tax and part of cost incurred. The Company is of the view that, these claims are legally enforceable as they were made as per the terms of contract and hence confident of realizing the amount through appropriate representation before higher Authorities.
- (iii) Debtors include reimbursement claim of Rs. 82.84 lakhs (Previous Year Rs. NIL) from Railway Board towards the Excise duty and VAT thereof Rs. 4.14 lakhs on the Rail coaches manufactured, consequent to the amendment in the Finance Act, 2011, imposing Excise Duty on rail coach for the first time w.e.f. 1st March, 2011. The claim is under consideration by the Railway Board.
- (iv) Debtors include Rs. 13563.53 lakhs (Previous Year Rs. 9555.27 lakhs) in respect of certain escalation claim as per the contract which is under consideration by Ministry of Defence.
- (v) During the year the Company entered into a factoring arrangement with banks and sundry debtors amounting Rs. 13370.43 lakhs (Previous year Rs. Nil) has been sold to the banks. This amount has been reduced from sundry debtors as on 31st March, 2011. The factoring cost incurred for the same is Rs. 180.75 lakhs (Previous year Rs. Nil).

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 at Kolkata valued at Rs. 26.82 lakhs (Previous Year 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 at Mumbai and Ranchi pending registration / khatha transfer valued at Rs. 33.00 lakhs (Previous Year Rs. 33.00 lakhs).
- iv) Includes leased land measuring 374.59 acres taken from Kerala Industrial Infrastructure Development Corporation on a lease premium of Rs. 2547 lakhs for 99 years lease period with effect from 1.07.2009.
- v) Reconditioning cost included in Fixed Assets Rs. 99.55 lakhs (Previous Year Rs. Nil).

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 utilising the facilities from May, 2005 and a sum of Rs. 100 lakhs has been paid, which is included under Loans & Advances (Schedule 11). As the nature of transaction is undecided, no amount has been charged to the profit and loss account till date. The Company has incurred an expenditure towards creation of Fixed Assets for a gross value of Rs. 1209.01 lakhs (Previous Year Rs. 1133.65 lakhs) included under Schedule 4 & Rs. 31.90 lakhs (Previous Year Rs. NIL) as capital work in progress included under Schedule 5 totalling to Rs. 1240.91 lakhs (Previous Year Rs. 1133.65 lakhs).
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 2011 is as follows:

(Rs. Lakhs)

Projects	Current year	Previous year
Capital Expenditure on Metro Coach facility, Wind Mill Project and Up-gradation of other facilities	33113.96	28902.61
Voluntary Retirement Scheme	1738.83	1586.58
R&D Centre of Excellence	900.00	900.00
Issue Expenses	1382.59	1382.59
General Corporate purpose	8278.45	8278.45
Green Field Project (*)	7261.17	1982.68
Total	52675.00	43032.91

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

7. i) Sundry Debtors (including a sum of Rs. 35570.24 lakhs (Previous Year Rs. 31539.00 lakhs) outstanding for more than one year which in the opinion of management is realisable), advances, balances with government departments, 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) Balance available in Provision for Contractual Obligations amounting to Rs. 10662.47 lakhs outstanding as on 01.04.2010 pertaining to certain Defence Order has been withdrawn as no longer required as the first set of the equipment has been successfully accepted by the customer, and no further liability is anticipated on this account.



8. INTER CORPORATE LOANS

As on 31st March 2011, 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 to be 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 M/s. Coal India Ltd. The balance loans and interest outstanding as on 31st March, 2011 Rs. 14090.44 lakhs (Previous Year Rs. 15549.86 lakhs) are disclosed under Unsecured Loans - Schedule 3A and balance of loans given and interest amounting to Rs. 14779.56 lakhs (Previous Year Rs. 16250.41 lakhs) are included under Loans and Advances -Schedule 11.

9. PROFIT AND LOSS ACCOUNT

● Break up of Remuneration to Auditors (Schedule 20):

(Rs. Lakhs)

Statutory Auditors	Current year	Previous year
(a) Towards Audit Fee	7.75	7.56
(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) Travel & out of pocket expenses	2.57	-
(f) Other Services	1.34	3.19
Total	19.76	18.85

● Tax Deducted at Source on Income (Schedule 16)

(Rs. Lakhs)

Nature	Current Year	Previous Year
(a) Interest on Call and Term Deposit from Banks	189.40	213.48
(b) Inter Corporate Loans	157.89	125.68
(c) Others	1.58	-

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. Loans and Advances includes Rs. 1067 lakhs (Previous Year Rs. 1067 lakhs) incurred by the Company during 2005-06 on behalf of the R&D Centre of Excellence Society, a Society formed under the Karnataka Societies Registration Act, 1960, on reimbursement basis, for acquiring certain Hardware & Software. This amount will be returned by the Centre as and when the Grant is received from the Government of India, which is pending finalisation of the constitution of various members of the Society.

12. The Company has entered into a Consortium Agreement with Coal India Limited (CIL) and Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s Mining and Allied Machinery Corporation Limited (under liquidation) through Hon'ble High Court auction. Accordingly, a Company in the name of 'MAMC Industries Limited' was formed and incorporated on 25.08.2010. Terms of Shareholders' Agreement is negotiated and finalised and the same would be executed shortly. Upon such execution, the said new company will be converted into a Joint venture Company by allotting shares in the proportion 48:26:26 to BEML, CIL and DVC respectively. In this connection the Company has incurred a sum of Rs. 5208.12 lakhs (net of amount received from M/s. CIL & M/s. DVC as on 31st March, 2011) pending allotment of shares as above, this sum is included in advances recoverable for cash or in kind for value to be received under schedule - 11.
13. The Company has invested in 54,22,500 equity shares at Rs. 10/- each in M/s. BEML Midwest Limited which was incorporated on 18.04.2007 at Hyderabad. The investment value comes to Rs. 542 Lakhs and this represents 45% share of the JV.
- However, due to certain unauthorised transactions by the Directors appointed by the other JV Partner, M/s Midwest Granite Private Limited (MGPL), and the oppression and mis-management by the nominees of MGPL, the Company has filed a petition under section 397 & 398 of the Companies Act, 1956 seeking suitable relief in the matter, which is pending before Honourable Company Law Board.
- Further, the said Directors, against whom the above oppression and mis-management charges have been levelled, have substantial net worth. The Company is confident that the un-authorised transfer of funds made can be recovered and other issues resolved leading to further operations and hence no diminution in the value of this investment other than temporary, is anticipated and accordingly no provision has been made in the accounts for decline in the value other than temporary.
14. During the year, Company settled wage revision for workmen. This has impacted the expenses under the head of Employee Remuneration and Benefits by Rs. 12063 lakhs (net of provision), which include Rs. 5580 lakhs for the current year and Rs. 6483 lakhs (net of provision) for the earlier years. Employee Remuneration and Benefits also include Rs. 414 lakhs towards provision for officers pension contribution.
15. Figures of previous year have been regrouped/ reclassified/ recast wherever necessary to conform to current year's presentation.

Refer our report of even date attached
for **PADMANABHAN RAMANI & RAMANUJAM**

Chartered Accountants

FRN : 002510S

G VIVEKANANTHAN

Partner

Membership No.: 28339

Place : Bangalore

Date : 31-05-2011

For and on behalf of the Board of Directors

M PITCHIAH

Director (Finance)

V RS NATARAJAN

Chairman & Managing Director

M E V SELVAMM

Company Secretary

**Addendum to the Directors' Report****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 (hereinafter referred to as "Company") and its subsidiaries (hereinafter referred to as "Group") as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information relating to the components. 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 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 the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of Rs. 2357.39 lakhs as at 31st March, 2011 and total revenues of Rs. 3381.64 lakhs and cash outflows amounting to Rs. 0.01 lakhs for the year then ended. The financial statements have

Addendum to the Directors' Report

Auditors' Report on Consolidated Financial Statements

Company's Reply

been audited by other auditor whose report as been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on report of the other auditor.

4. We have relied on the financial statements certified by the management in respect of BEML Brazil Industrial Ltda. whose financial statements reflect total assets of Rs. 2.22 lakhs as at 31st March 2011 and total revenues of Rs. Nil lakhs and cash in flows amounting to Rs. 0.02 lakhs for the period then ended. The unaudited financial statements as certified by the management is furnished to us are prepared for the period from 17th May, 2007 being the date of incorporation of the component to 31.03.2011 and our report, so far as it relates to the amounts included in respect of this subsidiary is based solely on the such un-audited financial statements certified by the management. The impact of the loss of this component on consolidation due to consideration of the financial statement for a period exceeding one year is not material.
5. a) We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 as notified by the Companies (Accounting Standards) Rules, 2006.
- b) Without qualifying our opinion reference is invited to:
 1. Note No. D-3(ii) Schedule 23 in respect of claim from Railway Board in respect of wheel sets for Rs. 1480.60 lakhs. The realisability

The subject matter is disclosed in detail in note referred and the Company is confident of realizing the amount.

**Addendum to the Directors' Report****Auditors' Report on
Consolidated Financial Statements****Company's Reply**

of this claim depends on the outcome of the representation, which cannot be presently be determined.

2. Note No. D-7, Schedule 23 in respect of non-confirmation of various nominal balances. The impact on accounts, if any, is at present not ascertainable.
 3. Note No. D-1 (v) & (vi) Schedule 23 for the recognition of sales of defence products to Ministry of Defence and sale of intermediary products to a Defence Research Establishment due to complex nature of such contracts and other reasons stated therein.
 4. Note No. B-12, Schedule 23 in respect of non consolidation of the Company's share of revenue, expenditure, assets and liabilities of BEML Midwest Ltd, a jointly controlled entity, in which the Company holds 49% of the paid up share capital in the absence of financial statements and the effect of the same on results is not presently ascertainable.
- c) Based on our audit as aforesaid, and on consideration of report of the other auditor on the separate financial statement referred to in para 3 above and on the management certified financial statements of a subsidiary referred to in para 4 above and to the best of our

While the Company has sought confirmation of balances, the same has been received in 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 differences in accounting of customers and vendors.

Note No. D-1 (v) and No.D-1 (vi) are self explanatory.

Due to the circumstances explained in note No. D-13, the JV Company could not prepare its financial statements and hence could not be consolidated.

Addendum to the Directors' Report

**Auditors' Report on
Consolidated Financial Statements**

information and according to the explanations given to us, we are of the opinion that the consolidated financial statement give a true and fair view in conformity with accounting principles generally accepted in India:

- (A) In the case of the Consolidated Balance Sheet, the state of affairs of the Group as at 31st March 2011;
- (B) In the case of the Consolidated Profit and Loss Account of the profit of the group for the year ended on that date; and
- (C) In the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Company's Reply

For **PADMANABHAN RAMANI & RAMANUJAM**
Chartered Accountants
FRN: 002510S

For and on behalf of the Board of Directors

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

V RS NATARAJAN
Chairman & Managing Director

Place : Bangalore
Date : 31st May 2011



BEML LIMITED

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

Name of the Subsidiary Company : Vignyan Industries Limited

The 'Financial Year' of the Subsidiary ended on : 31st March, 2011

Number of shares in the subsidiary held by
BEML Limited and its nominees at the above date : 2,69,376 equity shares of the
face value of Rs.100/- each

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

- 1) Dealt within the accounts of BEML amounted to
 - a) For the subsidiary's financial year ended 31st March, 2011 : Nil
 - b) Up to previous financial year of the subsidiary since it
became subsidiary of BEML : Nil
- 2) Not dealt within the accounts of BEML amounted to
 - a) For the subsidiary's financial year ended
31st March, 2011 : Rs.160.15 lakhs (Loss)
 - b) Up to previous financial year of the subsidiary
since it became subsidiary of BEML : Rs.1462.13 lakhs (Profit)

Place : Bangalore	M E V Selvamm	M Pitchiah	V RS Natarajan
Dated : 31.05.2011	Company Secretary	Director (Finance)	Chairman & Managing Director

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

Information related to M/s Vignyan Industries Limited, Subsidiary Company of BEML Limited for the
Financial Year ended 31.03.2011 :

(Rs. lakhs)

(a) Capital	278.97	(f) Turnover (Gross)	3381.64
(b) Reserves & Surplus	451.90	(g) Profit Before Taxation	(160.15)
(c) Total Assets (Gross Block)	1651.88	(h) Provision for Taxation	13.10
(d) Total Liabilities	838.15	(i) Profit After Tax	(173.25)
(e) Details of Investment	Nil	(j) Proposed Dividend (%)	-