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e-mail : bemlede@vsnl.net.in**Mysore Complex**Tel : 0821-2402422
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e-mail : office@ctd.beml.co.in**Trading Division**Tel : + 91-80-22963113
e-mail : office@trading.beml.co.in**Regional Offices :****Bilaspur**Tel : 07752-252082
e-mail : bilaspur@rm.beml.co.in**Chennai**Tel : 044-28270792
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e-mail : kolkatta@rm.beml.co.in**Mumbai**Tel : 022-22049490
e-mail : mumbai@rm.beml.co.in**Nagpur**Tel : 0712-2248435
e-mail : nagpur@rm.beml.co.in**New Delhi**Tel : 011-23316500
e-mail : delhi@rm.beml.co.in**Ranchi**Tel : 0651-2560370
e-mail : ranchi@rm.beml.co.in**Sambalpur**Tel : 0663-2521604
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Mobile No. : 9440312607Service Activity Centre
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Kolkata - 700088
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Ref: CS/SE/Q-1/305

11.08.2017

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

Dear Sir / Madam,


Sub: Outcome of the Board Meeting held on 11.08.2017 - Reg.**Ref :** Our letter No.CS/SE/Q-1/303, dt.24.07.2017

Please find enclosed Un-audited financial results, in the detailed format, along with Limited Review Report, for the first quarter ended 30.06.2017 in terms of Regulation 33 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure-I**. The said results have been considered and approved by the Board at its 339th Meeting held on 11.08.2017. Arrangements have also been made to publish the extract of the results in a national daily (English) and local daily (Kannada) newspapers.

2. The Board agreed to recommend the findings of the Committee of Functional Directors relating to operational and non-operational land to Ministry of Defence for inclusion in the Expression of Interest in connection with strategic disinvestment of the Company.

3. The Statutory Auditors' Report on the Financial Statement 2016-17 submitted vide our letter dated 30.05.2017 has undergone change based on the suggestions made by the Government Audit. Accordingly, the revised Statutory Auditors' Report on the Standalone Financial Statement as duly incorporating the changes is enclosed at **Annexure-II**. In this connection, it is hereby informed that the said revision has no financial implication.

Yours faithfully
For BEML LIMITED


(S V Ravisekhar Rao)
Company Secretary & Compliance Officer

Encl : As above

Cc : Listing Department, DCS-CRD
BSE Limited,
P.J. Towers, 26th Floor,
Dalal Street,
MUMBAI - 400 001



**BEML Limited**

(CIN: L35202KA1964GOI001530)

(A Govt. of India Mini Ratna Company under Ministry of Defence)

Registered Office : "BEML SOUDHA", 23/1, 4th Main Road, S.R. Nagar, Bengaluru - 560 027.

Tel. & Fax: (080) 22963142, E-mail: cs@beml.co.in, Website: www.bemlindia.com

Annexure - I

Statement of Standalone Unaudited Results for the Quarter ended 30-06-2017

(₹ in lakhs except EPS)

Particulars	Unaudited Results for Three Months ended			Audited Results for period ended
	30.06.2017	31.03.2017	30.06.2016	31.03.2017
1 Income from operations				
(a) Net Sales / Income from operations	62703	130941	34237	281406
(b) Other operating income	463	654	334	2060
Total Income from Operations	63166	131595	34571	283466
2 Expenses				
(a) Cost of Materials consumed	34775	62382	16592	134758
(b) Purchases of stock in trade	-	-	-	-
(c) Changes in Inventories of finished goods, work-in-progress and stock in trade	(740)	2599	(4703)	(12509)
(d) Employee benefits expense	19971	23365	18134	78072
(e) Depreciation and Amortisation expense	1545	1438	1481	6198
(f) Other expenses	15514	23294	13324	68583
Total Expenses	71065	113078	44828	275102
3 Profit/ (Loss) from operations before other income, finance costs and exceptional items (1-2)	(7899)	18517	(10257)	8364
4 Other Income	513	2972	525	6245
5 Profit/ (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(7386)	21489	(9732)	14609
6 Finance Costs	1127	1464	978	4780
7 Profit/ (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(8513)	20025	(10710)	9829
8 Exceptional items	-	-	-	-
9 Profit / (Loss) from ordinary activities before tax (7+8)	(8513)	20025	(10710)	9829
10 Tax expense	-	1,385	-	1,385
11 Net Profit / (Loss) from ordinary activities after tax (9-10)	(8513)	18640	(10710)	8444
12 Other Comprehensive Income	(438)	1126	(771)	(1189)
13 Total Comprehensive Income for the period (11+12)	(8951)	19766	(11481)	7255
14 Paid-up equity share capital (Face Value ₹10 per share)	4164	4164	4164	4164
15 Earnings per share (Basic & Diluted) of ₹10 each (not annualised) (₹)	(20.44)	44.76	(25.72)	20.28

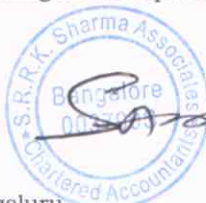
Notes

- The above results as duly reviewed and recommended by Audit Committee were approved by the Board of Directors at the Meeting held on 11.08.2017.
- Sales / Income from operations is considered after deducting the value of consortium supplies from the Gross Revenue from Operations as indicated below:

(₹ in Lakhs)

Particulars	Unaudited Results for Three Months ended			Audited Results for period ended
	30.06.2017	31.03.2017	30.06.2016	31.03.2017
Sales / Income from operations	62737	130941	34331	281638
Less: Value of Consortium supply	(34)	-	(94)	(232)
Net Sales / Income from operations	62703	130941	34237	281406

- The Limited Review Report issued by the Auditors on the Unaudited results, as duly placed before the aforesaid meeting of the Board, is enclosed.
- The previous period's figures have been regrouped and reclassified wherever necessary to make them comparable with the current period's figures.
- Exemption has been granted by SEBI from publishing segment-wise information.
- Provision in respect of employee retirement benefits, contractual obligations, slow and non-moving inventory are estimated considering actual expenditure of 2016-17 and likely increases.

Place: Bengaluru
Date : 11.08.2017By order of the Board
for BEML Limited

दीपक कुमार होता
DEEPAK KUMAR HOTA
Chairman & Managing Director
BEML LIMITED (D K HOTA)
BEML Soudha, 23/1, 4th Main, S.R.Nagar
BANGALORE - 560 027



INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

The Board of Directors, BEML Limited, Bengaluru

We have reviewed the accompanying statement of unaudited financial results of **BEML Limited** for the quarter ended 30.06.2017. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, *Engagements to Review Financial Statements* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R R K Sharma Associates
Chartered Accountants
(FRN 003790S)




(CA S ANANDA KRISHNA)
Partner
M. NO. 027986

Place: Bengaluru

Date: 11 August 2017



S.R.R.K. Sharma Associates
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of BEML LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **BEML LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, (including other comprehensive income), Cash Flow Statements and the Statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant Rules issued there under.. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.



**S.R.R.K. Sharma
Associates**

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. . An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Management and Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS , of the financial position of the Company as at March 31, 2017 and its financial performance including other comprehensive income, its Cash Flow and changes in equity for the year ended on that date.

Emphasis of Matter:

We draw our attention to:

a) Note No.14 (i) in respect of Trade receivables from Ministry of Defense (MOD) Rs.925.87 lakhs towards interest rate difference on advance amount received from MOD. This amount pertains to interest rate difference between deposit rate and interest recovered @ 9.50% by MOD during FY 2006-07, 2007-08, and 2009-10 from various bills. The matter has been taken up with MOD and it is under their consideration. And Note No. 14(ii) in respect of Trade receivable from MOD Rs.4899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long



term contract for Design, Development and Supply, entered into with MOD in 2001. The realisation of these receivables depends on the final determination of the amount payable by the MOD.

b) Note No.11 (a) in respect of the amount advanced to MAMC consortium for Rs.5744.31 lakhs, realization/settlement of which depends on approval from Ministry of Defence and viable business plan.

c) Note No.39 (G) regarding pending confirmation, reconciliation, review/adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.

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

Other Matters :

We have issued an Audit Report dated 30th May, 2017 ("the original report") at New Delhi on the financial statements as adopted by Board of Directors on even date. Pursuant to the observation of Comptroller and Auditor General of India under section 143(6)(a) of the Companies Act, 2013, we have revised the said Audit Report. This revised Audit Report has no impact on the reported figures in the financial statements of the Company. This Audit Report supersedes the original report, which has been suitably revised to consider observations of Comptroller and Auditor General of India and amendment made to the point no. (vii) (b) of Annexure-A to Independent Auditors' Report.

Our audit procedure on events subsequent to the date of the original report is restricted solely to the amendment to Clause vii (b) of "Annexure A" to the independent Auditors Report (CARO 2016).

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- c. the Balance Sheet, the Statement of Profit and Loss ,the Cash Flow Statements and the Statement of changes in equity dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant Rule issued there under .
- e. being a Government Company provisions of Sec 164(2) of the Act, relating to disqualification of directors are not applicable.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" : and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39(D)(1)(ii) to the standalone Ind AS financial statements;
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company (Refer to Note No. 15 e to the standalone Ind AS financial statements).

3. As required by section 143 (5) of the Act, we give our separate Report in "**Annexure C**

For S R R K Sharma Associates

Chartered Accountants

Firm's registration No.: 003790S



CA S ANANDA KRISHNA

Partner

Membership No. : 027986

Place: Bengaluru

Date :25.07.2017



“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirements of our report of even date to the members on the standalone Ind AS financial statements of the Company for the year ended March 31, 2017.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that,

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and as informed to us, no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company except in the following cases.
 - 1) As explained to us, Building costing Rs. 33.00 lakhs (carrying value Rs. 16.92 lakhs) situated at Mumbai and Ranchi are pending for registration / khatha transfer .
 - 2) As explained to us, Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
 - 3) As explained to us, free hold land measuring 555.37 acres at Mysore costing Rs. 321.23 lakhs (including additional compensation of Rs. 183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
 - 4) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted Leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs. 2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
 - 5) As explained to us, the Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had



incurred on the above land a sum of Rs. 1452.95 lakhs (with carrying value of Rs. 1044.44 Lakhs) on Buildings included in Property, Plant and Equipment (Note 3) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.

- 6) As explained to us, the Company has taken action to obtain title documents in respect of the following immovable properties;
- a) Flat at Roshan Complex Madras – Rs. 4.04 lakhs
 - b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
 - c) Office building at Nagpur - Rs. 27.18 lakhs
 - d) Lease Hold Land at Singrauli - Rs. 1.75 lakhs.
- ii) The company has conducted the physical verification of the inventory excluding materials lying with third parties and work in progress during the year in accordance with programme designed to cover all items over a phased manner. According to the information and explanation given to us, and in our opinion the frequency of physical verification is reasonable. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) (b) and (c) of the Order are not applicable to the Company.
- iv) There are no transactions of loans to directors, and being a Government Company engaged in defence production, provisions of Sec 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security are not applicable.
- v) The Company has not accepted any deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under and also the directions issued by the Reserve Bank of India.



- vi) Maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. We are of the opinion that prima facie, the prescribed records have been made and maintained.
- vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (b) The details of dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, is furnished below :-

Name Of The Statute	Nature Of Disputed Tax	Amount (Rs. Lakhs)	Period To Which The Amount Relates	Forum Where The Dispute Is Pending
Central Excise Act 1944	Excise Duty incl. Interest and Penalty	32667.63	2003-04 to 2007-08	CESTAT, Bangalore
	Excise Duty incl. Interest and Penalty	722.76	2005-06 to 2010-11	Appellate Authority
	National Calamity Contingency Duty	7673.05	2006-07 to 2011-12	CESTAT
Total Excise Duty		41,063.44		
SERVICE TAX ACT, 1994	Service Tax incl. penalty	854.91	2004-05, 2006-07 & 2010-11	CESTAT, Bangalore
	Service Tax	494.07	2006-07 to 2010-11	Appellate Authority
Total Service Tax		1348.98		
The Customs Act, 1962	Customs Duty	7140.61	2006-07	CESTAT, Chennai
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	738.11	2012	City Municipality council - KGF
	Property Tax	109.11	1995-96 to 2005-06	City Civil Judge, Bangalore



Total ED, Service Tax, CD & Property tax		50400.25		
Sales Tax Act of Various States	Sales Tax /VAT	9.79	2003-04	Maharashtra Sales Tax tribunal
	Sales Tax /VAT	5500.70	December 2005 to March 2008 & 2008-09, 2009-10,2010-11	Karnataka Sales Tax tribunal
	Sales Tax /VAT	892.69	1999-00, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2009-10	Revision & Appellate Board of Various States
	Sales Tax /VAT	2503.97	From 1983-84 to 2012-13	Other appellate authorities
Total Sales Tax / VAT		8907.15		
Grand Total		59307.40		
Amount Deposited under protest	Central Excise / Customs	243.50		

- viii) The Company has not defaulted in repayment of loans or borrowings due to financial institutions, banks, Government and to debenture holders.
- ix) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Being a Government company, the provisions of sec 197 read with schedule V to the Act, relating to the managerial remuneration are not applicable.
- xii) The Company is not a Nidhi Company and accordingly paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii) All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed under Note 39C in the standalone Ind AS financial Statements as required by the applicable Accounting Standards.



- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and accordingly paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv) The company has not entered into any non-cash transactions with directors or persons connected with him and accordingly paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly paragraph 3 (xvi) of the Order is not applicable to the Company.

For S R R K Sharma Associates

Chartered Accountants

Firm's registration No.: 003790S



CA S ANANDA KRISHNA

Partner

Membership No. : 027986



Place: Bengaluru

Date : 25.07.2017

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Ind AS Financial Statements of BEML Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of BEML Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind As financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

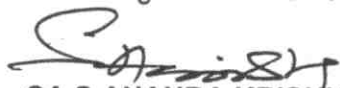
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R R K Sharma Associates

Chartered Accountants

Firm's registration No.: 003790S



CA S ANANDA KRISHNA

Partner (Membership No. : 027986)

Place: Bengaluru

Date : 25.07.2017



“Annexure C” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of BEML Limited

Report as required by section 143 (5) of the Act, 2013 relating to the directions issued by the Comptroller and Auditor General of India.

1) Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?

Comment: In the following cases, clear title/lease deeds for freehold and leasehold properties are not available with the Company;

- i) Free hold land measuring 555.37 acres at Mysore costing Rs. 321.23 lakhs (including additional compensation of Rs. 183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
- ii) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs. 2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
- iii) The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs (with carrying value of Rs. 1044.44 Lakhs) on Buildings included in Property, Plant & Equipment (Note 3) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.
- iv) Building costing Rs. 33.00 lakhs (carrying value of Rs.16.92 lakhs) situated at Mumbai and Ranchi are pending for registration / Katha transfer.
- v) Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.



vi) The Company has taken action to obtain title documents in respect of the following immovable properties

- a) Flat at Roshan Complex Madras – Rs. 4.04 lakhs
- b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
- c) Office building at Nagpur - Rs. 27.18 lakhs
- d) Lease Hold land at Singrauli - Rs. 1.75 lakhs.

2) Whether there are any cases of waiver/write-off of debts/loans/interest etc? if yes, the reasons there for and amount involved ?

Comment: There are no instances of waiver of debts/loans/interest etc., However, Bad debt of Rs.15.23 lakhs were written off during the year with the approval of the Appropriate Authority as it was not realizable with all possible efforts being made.

3) Whether proper records are maintained for inventories, lying with third parties and assets received as gift/grant(s) from the Government or other authorities?

Comment: The Company is maintaining proper records for inventories laying with the third parties in the ERP system.

The Company received land measuring 1849 Acres and 5 Guntas at KGF from Government of Karnataka at free of cost. The expenditure incurred on development of above land is capitalized and included under Property, Plant & Equipment.

For S R R K Sharma Associates

Chartered Accountants

Firm's registration No.: 003790S



CA S ANANDA KRISHNA

Partner

Membership No. : 027986:



Place : Bengaluru

Date : 25.07.2017